

RECIPROCAL RIGHTS  
OF  
CAPITAL, LABOR, BUYERS AND THE STATE

SAMUEL L. PHILLIPS



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OF  
CAPITAL, LABOR, BUYERS  
& THE STATE

BY  
SAMUEL L. PHILLIPS ✓  
(A.M. PRINCETON UNIVERSITY)

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## Reciprocal Rights of Capital, Labor, Buyers, and the State

THE scientific and successful physician who undertakes to treat the ailments of the physical body of animals makes it his first object to ascertain exactly what are the abnormal symptoms manifested, and when these are clearly apprehended to discover their causes and apply the remedy.

This is so plainly the correct course to be pursued in an investigation of the Reciprocal Rights of Capital, Labor, Buyers, and the State that its attempted demonstration would be useless.

And yet in matters of political unrest, of social revolution, of the cry of the workingman against his employer, of the poor against the rich, those investigating the subject often content themselves with the general assertion that certain abuses exist which ought to be corrected without pointing out the specific evils causing the unrest, or how they may be cured.

## CHAPTER I

### BASIC CAUSE OF ECONOMIC UNREST

THE basic cause of unrest in political, social, and economic life is inequality. From fortuitous circumstances, such as birth, relationship, health, location, the times, and from circumstances somewhat within the control of individuals, as energy, both physical and mental, superior wisdom, education, integrity of character, heredity and other causes, an inequality is constantly established and the fortunately endowed rule the weaker, wealth is accumulated by the few, and comparative poverty is the rule among the many.

This condition is greatly deplored by the less fortunate, but it is submitted and it will be attempted to be demonstrated herein that this is the fundamental order of life which an All Wise Providence has established, and in the effort by individuals and peoples to attain the coveted standards of others, improvement in the human animal has been achieved, and by which a better, a nobler race of men must be established or mankind sink to lower levels of physical and mental existence.

If there is any thing patent to even ordinary observation it is that no two things are alike. This

## Basic Cause of Economic Unrest

deduction applies to the whole realm of nature — to inanimate objects and to animate life. It is a great fact of the universe and comprehends all things, but not laws. A natural law manifests invariably the same results. So true is this, that its principles are formulated by scientists in mathematical symbols, and when the processes of reduction of the equations are correct they invariably produce results not only true, but forever identical. But not so with things. It is this unlikeness, this inequality coupled with the plastic character of the body and mind of men, that ever presents a vista for an ascent into the realms of a more complex existence or a descent to a lower life. If all things were on a level no improvement could be made, no example of higher value would exist to stimulate individuals to attain it, no reward would dazzle the eyes of youth; all effort would cease, and EFFORT has been under the decree of the Creator the great power by which man has attained his lordship over the brute creation, and the ruling nations of the earth their dominion over their less active brethren.

A youth naturally endowed with a capacity for the highest intellectual development, as an analytical mind, a calm and broad grasp of facts, retentive memory with great energy, and who under a wise and persistent education of these natural faculties would hold the senates of the world, this same youth, if deprived of the essentials for development, of the knowledge of facts and constant mental deductions

## Capital, Labor, and the State

from them; if kept, for example, at absorbing manual labor and withdrawn from intercourse with men, would pass through life without his voice being heard, or even his existence noted.

In this supposed case of mental superiority it was effort under favorable circumstances which has made the orator and statesman.

Another child, born of strong healthy parents, is unfortunately confined during his adolescence to indoor life with no opportunity to develop his muscular and nervous systems; this child having become a man will be a poor weakly specimen of humanity. He has made no effort at physical development and consequently possesses no animal vigor.

Such instances might be cited indefinitely through the whole course of physical and mental life.

There is no advantage in complaining of this rule of nature. It is born in the very composition of mankind. The creature starts with a body and a mind, both immature, undeveloped, without knowledge, but with potentialities — potentialities to be improved by well-directed labor, or allowed to remain undeveloped or atrophied. This is the great Creator's scheme, and no human law, no device of those who do not conform to it, will avail aught. It is beyond and above all modification by mankind.

Work, unremitting work, for all those who wish to succeed is the price that must be paid.

## Necessity for Obstacles

### NECESSITY FOR OBSTACLES

BUT there can be no work unless there are obstacles to be overcome. Obstacles are everywhere, and are met at every moment of our lives.

All matter has weight. To shape it and place it in positions to serve our purposes impose obstacles to be counterbalanced by the exertion of force greater than the force of resistance which it possesses.

Every mental acquirement is attained only after meeting and overcoming often the most harassing obstacles. Take the higher mathematics. What persistency of thought, what mental exhaustion, what continuity of effort its student has compelled himself to undergo before he can rank as an expert.

It is these obstacles, meeting us at every step, that present a resistance to be overcome, that give us the opportunity to exercise and develop our native faculties. If there were no weight to be overcome, no power could be exerted and the muscles would not be strengthened. If everything was known beforehand, the mind could not be improved in solving questions relating to ratiocination.

So it may fairly be taken as true in its largest sense that the development and advancement of mankind depend primarily on the existence of obstacles or difficulties to be surmounted; and the



## Capital, Labor, and the State

world might as well recognize it at once and in the most unequivocal manner that LABOR in every department of life is the one universal and imperative necessity for human advancement.

## Moral Obstacles

### MORAL OBSTACLES

Not only in the physical and mental realms wherein men abide, but no less in the social and moral life of humanity, does mankind feel itself obliged to overcome obstacles. These obstacles in many instances are denominated as Sins.

If there were no sins the moral nature of man would be perfect; and if man was perfect he would be no longer the individual we know. But such is not the case. He is full of defects, moral defects. He is a constant violator of all the commandments of the decalogue. It has pleased his Creator to make him so, with all the infirmities of the flesh, and this it is believed for the highest and wisest purposes and for his own best good.

There can be no doubt, in view of the scientific knowledge of the present day, that the earth was originally a part of the great central luminary, the sun; that it has cooled and contracted, and that as early as its physical condition permitted, seas and dry land appeared, and with them vegetable and animal life, which has constantly become more and more heterogeneous until it numbers millions of the most varied and beautiful forms.

In all this there has been a continual evolution from the simple to the complex, from the lower in

## Capital, Labor, and the State

intelligence to the higher, with man standing at the present moment as the culmination of all this development which has been ceaselessly at work for probably millions of years.

But more, all of this development has, under the guidance of its Author, been the work of these multitudinous beings in a great contest among themselves in which the fittest to live have survived, wherein the more energetic have as a rule triumphed over the careless or weaker.

Confining our thoughts for the moment to moral matters, for any improvement to have been made in morality, for men to have arisen from the law of the beast which recognizes no property, no law but force, they have as their civilization has advanced learned more and more to restrain themselves, to subdue the natural impulse to kill those impeding their strong desires, to admit the rights of property, to refrain from deception, etc.

It is the ever presence of these imperfections, of a constant desire for what is prohibited, furnishing obstacles to be overcome that present the resistances, in the overcoming of which the moral nature of man has grown, for, as said before in regard to the body and mind, no power can be exerted if no resistance is offered, and if no effort is exerted the moral faculty lies dormant and no improvement is accomplished.

That is to say, the opportunity to sin must exist, if the individual is to grow in grace by resisting it, if he is to become a nobler and higher man. And this shows the wonderful order of Providence in

## Moral Obstacles

allowing Sin, or rather obstacles to morality, to beset all men in all the paths of life. They apply to their moral nature in strict analogy to physical and mental difficulties; or in other words, EFFORT, that is, LABOR, is the law of their moral as well as of their physical and mental advancement.

If the above statements are true there can be no moral growth unless Sin exists to be overcome. God has been wiser than the theologian who declaims against its existence.

## Capital, Labor, and the State

### ATTRACTION OF THE EARTH IS THE BASIC CAUSE OF THE INEQUALITY OF PHYSICAL EFFORT

THE preceding observations have related to the general proposition that not only inequalities exist among all physical, mental, and moral capacities of men, but also that obstacles necessary for human welfare exist, and must be overcome more or less by the efforts of every individual; and further that these obstacles present greater difficulties to some men than they do to others, the consequences of which are unequal possession and enjoyment of the necessities and comforts of life.

The consciousness of this inequality is the fruitful mother of discontent by the many who have been less successful, and of their envy against the few who are apparently in the possession of things desired by them.

Another preliminary remark should be here introduced, namely, that in the great contest between Capital and Labor the threefold nature of humanity is closely united. The production commercially of the desirable things of life involves physical resistance, mental capacity, and a conscientious performance of the duty assumed. As briefly shown



## Basic Cause of Inequality of Physical Effort

heretofore each task presents obstacles to be surmounted, and an unequal capacity in each and every worker to reach the commercial goal assigned, namely, profitable production.

Man is therefore forever in competition with his fellow workman as a producer of the needful, and no less the determined contestant of the man who buys his labor in so far that he would make him pay its full value.

A matter of prime importance enforcing itself upon all animals from the earliest period of their observation is that all things have weight; and further, this weight is very nearly the measure of their strength to overcome it; in other words the attraction of the earth is ever offering resistance to every atom being moved from its place of rest. A wonderful thing this Gravitation, holding by invisible bands every particle of matter *in situ*. At the spot where it rests, there it will remain until moved by some extraneous force.

Think for a moment what an immense power this attraction is exerting over articles of constant and immediate use by men. Every cubic foot of sand weighs 60 lbs.; of clay 80 lbs.; of common bricks 120 lbs.; of cast iron 450 lbs.; of wheat 48 lbs.; of water 59 lbs.; of pine wood 30 lbs. It is of these things and of others of like weight that men build the boxes they inhabit, and fashion their tools with which to construct other instruments necessary for the cultivation of the soil in order to eat and live, and to protect their hairless and defenseless bodies

## Capital, Labor, and the State

from the blisters of the sun, and the chilliness of the northwest winds.

When mankind is thus hampered by the very weight of the instruments he must use to bring into existence the prime necessities of life; when moreover these very articles when produced are equally affected by this ever-present weight and cannot even be used without the exhaustion of the strength of the user; and all the more when we take into the equation the small weight of man as opposed to the weight to be overcome, the feebleness of his muscles, the easy and rapid exhaustion of his nerves, his frequent inability from age and sickness, this monster Labor raises its horrifying specter as some mighty and ugly octopus which is holding all mankind in its never relaxing grasp.

And yet it is God's law, and out of the overcoming of its exactions has grown the animal man to be the ruler of the earth, with a cherished instinctive hope of a blissful immortality.

Ay, this ubiquitous Gravitation!'

Astronomical science has demonstrated that the planets Mercury, Venus, Mars, Jupiter and all of them are held in the grasp of this universal force as fully and effectually as our Earth. At once the generalization is apparent that all life on them is or will be subject at the time of its existence to the same exigencies we experience. Animals there will have to labor to support existence, and in laboring will develop themselves into higher and nobler beings.

## Basic Cause of Inequality of Physical Effort

So we find a unity of design everywhere — a design making all animal life generally, and each individual in particular, the architect of his own advancement, in proportion to the Effort he exerts to surmount the obstacles which oppose themselves to the procurement of his necessities and the defense of his existence.

To the mind fully comprehending the meaning of these provisions of nature that the highest enjoyments of life come from the exercise of the natural faculties, that the muscles enjoy nothing so much as their due and proper employment, that the mind is only contented when it has unrestricted range of thought and hope, that a high joy is ever the sequel of moral rectitude, and that the performance of these acts has been made by an All Wise Providence the indispensable requirement of advancement to even yet higher pleasures, the thoughtful mind cannot help bowing in adoration to the love of a Creator who makes pleasure and happiness to spring out of the Labor to provide for the very necessities of living.

These views will be recognized by the political economist, but unfortunately the masses of men, who from the want of education, or from their minds being ever engrossed in more or less manual labor and financial problems, do not understand how Labor is their highest blessing instead of a universal curse which envelops all in its exhausting pall.

## Capital, Labor, and the State

### UNIVERSAL DESIRE TO ESCAPE LABOR

NOTWITHSTANDING these beautiful and beneficent views just expressed all men with few exceptions unwillingly devote themselves to toil. It is only the stern demand for food and shelter for themselves and those dependent upon them that forces them to work, and even while working their minds are ever on the alert to find some less exacting task. So universal a characteristic must have a substantial foundation.

A multitude of things are ever prompting the desire to escape labor. As stated above, the weight of matter; physical exhaustion from overcoming its weight; sickness; the undersize and oversize of man's body; the allurements of some other tasks; the captivating pleasures of freedom; the imagined happiness of the rich. But even in this apparent but unreal enemy to the pleasures of mankind, there are to be found healthful compensations which contribute to a high development, as in the constant effort to invent machinery and to use the laws of nature to take the place of personal exertion,—in a word, to discover the paths of least resistance.

It is altogether a noble and wise ambition to seize upon the laws of nature to increase the production of the necessities and comforts of living. Such a



## Universal Desire to Escape Labor

course has many blessings. It stimulates the mind to conquer obstacles, it engages physical strength adequately for a high development of the muscles and nerves, it produces usually better made articles for use, it multiplies production enormously, it increases the range of the use of the necessities and refining objects of daily life, and it gives more time for higher æsthetical enjoyments.

In 1857 a petition was circulated for general signature, memorializing Congress to prevent the issuance of a patent to the inventor of the sewing machine, claiming it would reduce to poverty every poor seamstress in the land. How narrow-minded was the thought. On the contrary it has stimulated the production in greater quantities of cotton, silk, wool, flax, etc., caused the looms to weave billions of yards of these articles to be joined by the needle into useful and beautiful fabrics, saved the eyes of women from blurring, substituted the flounce for the plain skirt and contributed to the pleasure of all. The world with its vast population of this day could not be fed if it had not been for the invention of the McCormick reaper for wheat and rye.



# Capital, Labor, and the State

## INTELLECTUAL EFFORT

OUR consideration so far has been principally concerned with labor bestowed on material objects, but such labor relates only to a part of the affairs of life. Among a civilized people the products of thought are as important as the works of the arm. Indeed they go hand in hand, and are as inseparable as the body is from the mind. All work, even of the simplest character, the shaping of a stone arrow head, or the production of a flame by friction, involves mental capacity and aptitude. How much more when transcontinental railroads are to be organized and kept in working order; when enormous mercantile houses buy millions of stuffs and sell the same annually; when armies are mobilized to be armed and to fight; when every manufacturer, every broker, every merchant, every man engaged in handling and supplying necessities and comforts, if he wishes to be successful, must give almost from dawn until night his undivided attention and watchful care to the orderly workings of his business.

It is true these things do not exhaust the muscles like physical labor, but the concentrated attention of the mind, the worry in meeting and fighting adverse circumstances, the earnest desire for success, wear and fatigue the nerves, hopes, and ambitions

## Intellectual Effort -

of men, and breed unhappiness far greater than mere physical effort.

And yet men for the most part readily accept this mental task rather than bodily work. This may be accounted for from the facts that it is less tiresome to the muscles, gives greater social position, and is rewarded usually with higher emoluments. There can be no dispute that it takes more mental capacity to plan a correct cantilever bridge than is possessed by the workman who rivets the beams together; more knowledge by the general who directs a successful campaign than the soldier who carries the rifle, and so on down into all the intricacies of modern commercial and economic business.

Naturally great inequalities exist in the amount of mental effort, its character, and the remuneration received. Each and every one among the more highly paid is anxious to maintain if not increase his compensation; those among the lower stations are jealous of the inequality and are always looking for more. Thus we find the same order of things to exist among the brain workers as among the hand workers, namely, a discontent with their situation, and a frequent antagonism to their employer; although it must be admitted that the mental worker generally succeeds in establishing better conditions for himself than the laborer, if the latter has not organized his power by Unions or other associations.

## CHAPTER II

### CAPITAL

**I**N all production involving the employment of Labor there must exist more or less Capital. It is ordinarily the fund which secures the raw material, the tools for operation, shelter for the production, and wages for the workman.

What, therefore, is this important element which is so much a part of business that it cannot proceed without its being an integral part of the enterprise?

A mechanic is paid for his labor four dollars per day. At the end of the day his expenses have amounted to two dollars, and he has in his pocket two dollars. These two dollars represent Capital, his saved labor. Capital, therefore, in its most general signification, may be defined to be **SAVED LABOR**. It is in every case the excess value of production over expenditure.

Capital may consist of gold or silver coin, or it may take the form of real estate, or machinery, or raw or manufactured goods, or any other commodity or thing valuable from any cause, also responsible obligations representing such articles.

There can be no commercial production without **Capital**, and Capital that is idle, not engaged in

## Capital

production, is, during the period of its unemployment, commercially valueless. A mechanic who is not working is for the time of his idleness an economically useless individual; a million of gold dollars locked in a private vault, or a factory vacant, have for the moment no potent value. It is the activity of each, their movement in commerce, their reciprocal exchange, the transmutation of Capital into Labor and Labor into Capital that gives life to each. The instant this relation ceases they are both commercially dead, although possessing potentiality, like a weight held in suspense above the earth, ready to exert its power to the extent of its terrestrial attraction when released.

This employment simultaneously of Capital and Labor arises out of the necessity of men engaging others to do something for them, instead of supplying all their own wants, while they in turn are supplying others, thereby securing greater and better production for all. Capital and Labor are like the Siamese twins. The vital ligament uniting them cannot be severed without the death of both.

It is therefore unwise, unphilosophic, to declaim against either. But unfortunately they both, being the children of men, partake of all their errors, their selfishness, and even cruelties to which humanity is so prone; and inasmuch as the workingman does not change his nature by becoming a capitalist, nor the capitalist his inborn characteristics by becoming a workingman, the one class, when

## Capital, Labor, and the State

opportunities serve, has about the same vices and the same virtues as are possessed by the other.

It is these vices, consisting for the most part of selfishness in its various ugly forms and possessed by both alike, and both in the same degree under the same circumstances, which need the charitable regulation and control of others who for the moment are themselves not interested in the particular struggle.

The principles of justice and correct conduct are known to all men. They are innate, but the vision of a contestant seeking his own aims is quickly distorted by his individual interests. He is not an unbiased judge in his own case. Yet his neighbor who is removed entirely from self-interest in the controversy may reasonably be expected to pass a righteous judgment, just to both parties.



# Equality of Capital and Labor

## EQUALITY OF CAPITAL AND LABOR

THE causes for the undue exactions of Capital against Labor are many in number and arise out of the egoism of humanity. Prominent among them are:

1. The desire of all men to secure themselves against the eventuality of poverty.

2. The gratification of the sentiment to grow rich for the mere sake of wealth. This is a very powerful impulse, growing in strength with its own accumulation — worshiping the golden calf. The miser is the personification of this type of capitalist.

3. Eagerness to be known among other capitalists as possessing wealth, and the gratification of the heart yearnings of ambitious wives and children for the gilding of their social positions by the gold of their husbands and fathers.

4. The continuation of a life of saving and success — the success habit — which has marked the earlier efforts of the capitalist.

5. To meet increasing expenditures of household and personal pleasures, which ever multiply in proportion to the funds available, and sometimes even faster than the profits of engaged enterprises.

6. To offset losses in business, and actual or threatened competition.

## Capital, Labor, and the State

7. And sadly too often, an entire indifference to the wants and necessities of Labor, and to a feeling of revenge arising from the belief that the working-man is the worst enemy of Capital.

With such an array of potent causes attacking as they do the vitality, the heart of men, swaying their judgments, blinding from apparent self-interest often the sense of right and wrong on the part of the capitalist, and at the same moment the workingman feeling the immediate pinch of want, seeing no prospect in the future for the betterment of his financial or social position, and who in the impotency of his efforts resorts to strikes and riots; with such antagonism so actively at work, should we not expect, can it be otherwise than that such conditions engender, a perpetual strife between Capital and Labor when they are both unrestrained in their excesses?

Their reconciliation, without undue advantage to either, is the goal which should be sought by the political economist. Labor should have the last right to which it is entitled; honest Capital, being Saved Labor, should be held as equally sacred, for let it be known by all as a supreme law of this world that no man can receive more than his just earnings, except by taking from some other man what is lawfully his own.

This great law may be violated for the moment, aye, for years, but there will come a time when the solemn pendulum of God's justice will swing to the other side of equality, and annihilate its violators,

## Equality of Capital and Labor

and take from them their selfish and unhallowed profits.

Is not this wonderful law now in active operation in Russia, where for centuries millions of creatures oppressed with poverty, with ignorance, with brutality by a supercilious, arrogant, and false nobility, by monopolists of land, by unconscientious capitalists, are now in an orgy of crimes endeavoring as best they know to secure the right to live and be happy?

The only safe way to prevent revolutions is to give no occasion for them. There can be no revolt against justice. It is crime — physical, social, moral crime — against which the heart of mankind cries out. It is justice which it ever worships and enthrones.

# Capital, Labor, and the State

## AGENCIES MODIFYING THEIR ANTAGONISM

1. THERE is among the most of mankind a natural sense of the justice due to one's fellow man and which in many instances modifies for the better the relation of employer and employee. This sentiment is of limited operation. If the sacrifice is not too great it becomes effective among some.

2. The principles of charity and honesty taught by the Christian religion have also an active agency in economic life among some of the disciples of their Lord. But when the stake is great, and intense desire is awakened, the principles taught from pulpits are too often forgotten even by the apparently earnest professors of the highest cult, and their bargains are as severe as those of other men.

3. When applause or condemnation from fellow men is expected, it has a powerful influence in modifying business relations. But it is easy to bestow applause or censure when one has no direct personal interest in the affair, and this agency has its limitations.

4. All business is an exceedingly complex matter. A score of influences proceed from every direction. The gaining of a point on one side of the case may occasion a loss even greater on another side. So,

## Agencies Modifying Their Antagonism

most frequently there results a weighing of probabilities as to which course of conduct is likely to be most profitable. This rule of conduct applies to both capitalist and workingman, and operates more powerfully, probably, than any other agency in economics. An employer figures that a strike of his workmen would cost him \$100,000. An acquiescence in their demands would increase his expenses of manufacture to \$75,000. To avoid the strike he proposes a new basis involving an increase to \$50,000. The employ  s estimate that the strike would by loss of their time reduce their earnings to \$25,000. They weigh the two sums and conclude that their interests will be served best by accepting the \$50,000 increase offered, and the strike is declared "off."

5. Sumptuary and economic legislation is more and more exerting a controlling influence on the relation of Capital and Labor.

Occasionally a cunningly devised law is passed, under much camouflage, wherein wealth is benefited at the expense of the great law of Supply and Demand — but this is rare, for the Argus-eyed politician who caters to the masses for his re  lection is ever on the lookout to discover any scheme, and to expose it in order to make himself popular with his constituents.

But the capitalists are comparatively few in number, the men who work are many, and in a country where the votes of two laborers earning one dollar a day each, representing Current Labor,



## Capital, Labor, and the State

elect their candidate to the position of lawmaker over the single vote of the capitalist with a million dollars of Saved Labor, and consequently everywhere in the National Congress and in the State Legislatures alike, laws have been and are constantly enacted to restrain Capital and advance the privileges of Labor. For the most part it may be affirmed that these laws have up to the present time remedied a number of manifest abuses under which the poor were suffering. But this is all a most dangerous method of correcting evils. There is such a tendency in helping one side to go to the extreme of injuring the other party — and as stated before there is just so much food to go around, and to fill one plate with more than it should have, will leave another plate with less than its share. The philosophy of this principle lies in the fact that nature offers nothing free. Whatever exists on the face of the earth today is the result of either current or saved labor, and each of these belongs of right to the individual who created it.

## CHAPTER III

### LAND

**I**N surveying the politico-economic status of civilized society for the abuses which have grown up from the superior industry and intelligence and selfishness of some men, and which may be remedied to some extent by wise legislation without undue injury to wealth, and to the great advantage of the masses of men, is the regulation of the ownership of LAND. The possession and cultivation of Land is the foundation stone on which the entire structure of civilization must be erected. Our Creator chose to make men animals. As an animal he is composed principally of nitrogen and oxygen and carbon. His flesh and blood are nitrogen, his fat is carbon. His oxygen is engaged continually in burning to ashes both his flesh and his fat. This process develops heat, that is, his ability to work. The ashes, the result of this combustion, are no longer capable of combustion, and for vitality to proceed, more nitrogen and more carbon must be introduced into the body, in the forms of proteids, which are digestible nitrogen; and hydrocarbons, digestible carbon. But we know of no proteids and no hydrocarbons except those which come from the land, and

## Capital, Labor, and the State

only a sufficient quantity of these indispensable substances can be produced from Cultivated Land.

So it may be affirmed without doubt that the possession of land for cultivation is the first need of people — indispensable and ever pressing; and its monopoly by a few and its want by the many will in any industrious civilized community be an unappeasable source of discontent between the wealthy and the poor. Out of this wrong in Russia where the aristocrats, 150,000 in number, held great tracts of land, and the peasants, 130,000,000, who made this same land yield its golden harvests for them, had not a square perch of it to call their own, has most naturally arisen that great enemy to society and to the development of man, Bolshevism. Undeniably this cruel, unjust, unwise ownership of land by a selfish class should be abolished, and this indispensable necessity of life be distributed among the many in such reasonable tracts as would contribute to the life and joy of those who labored it, but this division should be done with due regard to what might be considered vested rights, to the well ordering of society, and not by wholesale eviction and spoliation, without regard to any equities existing in favor of the former owners. Land and property acquired without right, without the process of law, rarely benefit the new owner any more than stolen articles are of value to the thief.

Great Britain has recognized this principle in regard to tenants in Ireland, and be it said to her great credit that the passage of a comparatively

## Land

recent law has enabled thousands of Irish tenants of lands occupied by them and their ancestors for hundreds of years to become their owners in fee simple. The operation of this wise and humane law, passed by the British Parliament shortly prior to 1897, is substantially as follows. The Government created a Land Commission and issued its Consolidated Bonds at a low rate of interest to the value of millions of dollars. Every tenant of land had and still has a right to apply to this Commission to become the absolute owner of the tract he occupies. The Commission values the land and improvements, condemns it for the use of the tenant, and pays the owner from the proceeds of the sale of the bonds. All relation between the tenant and the former owner ceases, but the tenant is charged with an annuity, being the interest on the cost of the land, a fraction of one per centum higher than paid by the Government on its bonds, and also such further sum to liquidate the entire indebtedness in sixty-six years. Twenty years after 1897, that is in 1917, an account was settled between the tenant and the State; the tenant was given the benefit of all his payments in excess of interest charged and the principal of the annuity was reduced, thus relieving him of his burden to that extent and the rack rents of Ireland were practically abolished.

If Great Britain would introduce this splendid scheme in England and Scotland, and break up some of those immense estates, comprising in some cases thousands of acres, held by the aristocrats for

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shooting of grouse and coursing of dogs in pursuit of hares and deer, the productive area of the Island would be vastly increased, hundreds of thousands of families provided with healthful homes and lucrative occupation with contented minds, the country made self-supporting in the production of foods, and the vast expenditures of the present greatest naval establishment of the world rendered largely useless.

To maintain this aristocracy in its idleness, in its monopoly of land — Land — the one absolutely indispensable possession which should be as evenly distributed as possible among all, the English people have for centuries built ships of war, cast cannons, manufactured millions of tons of ammunition in order to prevent themselves from being starved by enemy blockades, when some of this fear might have been appeased by the subdivision of her wonderfully fertile soil among her hardy, brave, and industrious people.



# Regulation of Ownership of Land

## REGULATION OF THE OWNERSHIP OF LAND THE GREATEST OF ALL ECO- NOMIC PROBLEMS

It is self-evident that the subdivision of Land into smaller and smaller parcels must become more imperative as population increases in countries of limited areas; because:

1. The general education of the masses is teaching a better and more hygienic method of living, conducing to longevity and therefore a larger population.

2. Improvements in surgery and the practice of medicine.

3. Public regulations for health and prevention of disease.

At no time in the history of the world has the death rate from ordinary diseases been so low, or the birth rate so high.

Malthus, the distinguished political economist of the early part of the last century, felt this subject pressing on the English people and recommended as his panacea Emigration. But this is a poor remedy at best as long as land is unequally owned. A far better plan is to keep a nation's people at home and give them the land to cultivate, produce wealth from it, and be happy.

## Capital, Labor, and the State

But to divide land without injustice to owners presents the proper question. To seize it like the Bolshevists is clearly subversive of all rights and equities, and is destructive of the ownership of not only land but of all property. It is the death knell of what we understand to be civilized government — of that government which has filled the cities of Europe and America with magnificent public and private buildings, that has laid and operates iron railways and stone highways as close as net work over the habitable area of the globe, that has plowed the oceans with floating palaces, carrying bountiful harvests to all people, that has educated the sons of men. Bolshevism and extreme Socialism mean the end of all these things — these good things of life which men strive for and prize. For who will work, will exhaust themselves, will deny current pleasures, if what he earns is to be ruthlessly taken from him and distributed among the lazy and vicious? Bolshevism and Socialism are opposed to the very nature of man. Every motive for Effort would be paralyzed, and Effort as shown before has been the mighty lever by which men have raised themselves from savagery to civilization. Such systems may thrive for a while — they may exist while their advocates are feeding on the food previously produced under the stimulus of individual ownership, and are sheltering themselves in houses built by private effort; but the time will come when food has been consumed and they grow hungry, and some of these benighted creatures who

## Regulation of Ownership of Land

are now eating what other men have toiled for will stand surprised at the horrid skeleton filled with disease they have been worshiping. We say some of these misguided men will be shocked at their mistake. They will not comprise, however, the lazy or vicious or selfish. These like the poor will always be with us, will clamor for bread they have not earned, will dance to music they do not pay for, will steal if necessary what they covet.

At the date of the writing of these words British and American warships are steaming to Hamburg to prevent Socialists of that city from seizing the cargo of an American vessel carrying food, and distributing it among themselves.

No man who has labored and earned his little home—his cottage and garden by the wayside—is a Bolshevist; no man is a Socialist whose “Saved Labor” secures him a support against the poverty of old age.

The wise and humane scheme in practice in Ireland might well be introduced in some of the States of the United States of America. The basic principles to be adopted should be controlled by an exact and equal justice between the old and new proprietor, and may be broadly enumerated as follows:

1. Just and honest compensation to the owner for the value of the land taken, also any and all real incidental damages suffered by him in consequence of such expropriation.

2. The payment for the land should be made by

## Capital, Labor, and the State

the States, or by the National Government — preferably by the States. In the event that a State might be unable to undertake this amelioration of its population, corporations, exempt from taxation, might be chartered for the purpose of buying land and making improvements on the same with the express condition that they were acting as trustees for tenants or applicants for homesteads.

3. The National Government, State, or Corporation should be secured the repayment of the money advanced by an annuity issuing out of the land or by mortgage, providing for partial payments and amortization of the debt at reasonable rates of interest.

4. Whenever an owner of land is adequately cultivating or using all the land in his possession or ownership, it should be exempt from expropriation, but no proprietor should be allowed against the application of one who does desire to use vacant and idle land, and who shows his ability to cultivate profitably or make use of it, to hold on to it and thus withdraw it from its potential contribution to the public welfare.

It was a fundamental maxim of the English Common Law announced three hundred years ago that no man may use his own property to the detriment of another. So no landowner should be permitted to hold untilled land, when his neighbor with strong arms and brave heart looks over the fence and offers to make it produce twenty bushels of wheat to the acre, or support ten pigs for the year.



## Regulation of Ownership of Land

There can be no compromise in this matter of Land. The moment a population has become so numerous its people have to import food to live, and yet there are thousands of square miles of rich and salubrious soil rank with weeds because no plow has turned under their unblushing heads; when emigration from the hearthstone and roof where a man was born and severance of the ties of parent and child must serve to prevent partial starvation, it is to the democratic mind almost inconceivable that such abuses should be allowed to exist, and it is not entirely without some sympathy for men who in large bodies rebel, revolutionize, and seize the thing so necessary to life and happiness, and from which they have been by the selfishness of others so unjustly deprived.

And yet this surplus of avaricious owners should not be seized with the high hand of force. Robbery when allowed as to one class of property or rights soon extends itself to other things, and anarchy with a general demoralization permeates all society to the overthrow and destruction of civilization and then to a rapid retrograde to barbarism. Surely even a Bolshevik, if he would stop to think, does not wish to descend to the standard of the blacks of Middle Africa or to the savages of the Pacific Islands. Let such surplus land be condemned by competent and disinterested judges, and the proprietor paid its full value by the new owner under terms of sale so reasonable that the rights of each will be fairly preserved.



## Capital, Labor, and the State

### SURPLUS LAND TO BE DECLARED A MISDEMEANOR

AUXILIARY to the forced sale of Land not used for the benefit of the public and held by owners either for sport, for speculation, or otherwise, and which if distributed among the masses would contribute to the general welfare of society, the State may lawfully by statute declare that the undue accumulation of productive lands held idle by their proprietors is an act against Public Policy, an offense or crime against the public weal, and therefore capable of being penalized by an annual fine.

The extent of this penalty should fit the crime. In a very populous state of society and where there exists a crying demand for land, or where the amount of unproductive land is excessive, the damages should be higher than in the contrary condition. Nor is there usually any injustice in this method to distribute land, because it will be found in almost all cases that the proprietor of large tracts is a grasping, avaricious capitalist looking for "Unearned Increments" — values increased by the labor and enterprise of others, and to which he has contributed nothing, but rather retarded them. He would reap where he has not sown, and harvest where he has not tilled.

## Surplus Land a Misdemeanor

This fine or penalty might be made so excessive as to make it unprofitable to the owner to continue to hold such unproductive property to the general detriment of the community. There is nothing socialistic or communistic in requiring that land should be used beneficially and not held idle to the injury of mankind.

But a people will be hard pressed in these commercial days of the United States with its large cities and wide boundaries before there will be a necessity to resort generally to drastic measures against land proprietors for subdivision and sale, because:

1. The cultivation of land to produce paying crops is an exhausting labor with long hours and unremitting toil. There is no work requiring greater strength and its employment than breaking the soil with a three-horse plow to the depth of nine inches; cutting maize; loading of hay; ditching; felling mature trees; the husbandman arising in the morning before sunrise to feed the stock, and eating supper after twilight has settled over the land, etc.

2. The ever-present attraction of the earth upon all things causes men to shun such labor and seek the paths of least resistance. They will do anything but work hard. They flock to the cities and there enter the counting house, sit all day before desks with pen and pencil in their hands; become clerks to weigh out goods; stand as watchmen over other men urging the latter to work; enter profes-

## Capital, Labor, and the State

sions of the law and medicine with little chance of success; educate children as teachers; in fact anything and any work rather than manual labor. A bureau of labor established in Baltimore, Maryland, and created to find employment for returned soldiers and sailors of the United States from France, made the public report on the day before the writing of these lines that of the large number examined all were eager for work, but it had to be what they called "general office" employment. None were willing to accept manual labor of any kind until forced by stern necessity, and as to farm labor, the universal reply was "Nothing doing on the farm idea," although farmers stood ready to take them at \$55 and \$60 a month with board and lodging added, and would give them bonuses dependent on the amount of work they did. Only eight men of those who had visited the bureau showed interest in the plan of the government to help those returned fighters who wished to own farms of their own and to settle down on them.

3. There is undoubtedly more or less isolation in country life. It has its advantages — it has its disadvantages. A powerful motive of all animal conduct is the formation of society. It is an ever-compelling instinct. Its enjoyment gives security for personal safety, it offers development for all the faculties of the body and mind, gratification in amusements, in diversions, in useful informations, etc. And yet let it be repeated that all things which

## Surplus Land a Misdemeanor

the urban man uses comes directly or indirectly from the earth. He is purely a distributor or a modifier (a very necessary business, however), and in a country overpopulated, there is sure to come a time when hunger will gnaw and flesh will shiver from nakedness unless some return to the soil or emigrate to localities where production keeps pace with consumption.

But notwithstanding this antipathy of all men to manual labor, and no one is any better or purer than the other, and so no abusive epithets can with justice be used by either side, yet when there comes a period either general in the economic condition of a nation, or in the life of a particular individual, there should always be land to be had for cultivation unless it is already occupied and used in a beneficial manner to the well-being of the public.

It is the business of the State to repress evil whenever its vile head appears above the level of civic justice, for let it not be forgotten that no evil exists, no sin remains unpunished, without an exactly equal wrong being perpetrated upon some innocent and guiltless victim. It is a deep, an all-profound economic, moral law pervading all human action, and which its Divine Author uses to curb injustice and establish the right. The only trouble in preventing final victory is that the selfishness of man is constantly devising new attacks on correct conduct, which have to be met by new defenses. But do not let the Christian moralist complain of even this order of nature, for there can be no improvement in moral

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conduct if there is no sin to be overcome. Let him rather rejoice at the entrancing pleasures here and hereafter to be enjoyed by him, in the language of St. John, the Apocalyptist, "who overcometh."



# Housing of the Homeless

## HOUSING OF THE HOMELESS

MORE than half of the people of the United States are congregated in communities as distinguished from isolated farming lands. These urban workers should be supplied with houses — sanitary and comfortable at reasonable prices or rents. This is a fundamental right, and there can be no peace between Capital and Labor until this prime necessity of life is reasonably provided for. When private capital and enterprise cannot meet adequately the situation, when Supply and Demand definitely fail to provide homes for all, it is unhesitatingly asserted to be the duty of the respective States, and on their default, the duty of the National Government, to provide such homes for all people, to be paid for by them on just and equitable terms. For again to give such houses free to even the poor and needy is to take from those whose capital has gone into their construction what of right belongs to them. It will be observed that throughout this study there has been a persistent effort to suggest ways and means for the employment of Capital and Labor, which hold like the blind goddess of the law the scales of Justice on level balance. Nothing demoralizes manhood more than gifts. Effort is relaxed, pride of self-reliance robbed of its nobility,

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and a cringing mendacity and poverty substituted for it.

According to the United States Census of 1910 the population of the United States was 91,972,266. There were 20,255,555 families, of which 17,805,845 occupied dwellings. The average number of persons to dwellings was 5.2 and the average size of the family was 4.5. Of these 54.2 per cent occupied rented homes, and 45.8 per cent occupied owned homes.

The above statistics give a very correct idea of the state of affairs in 1920, if they are proportionally increased 10 to 15 per cent, and show the desirability of the National and State governments entering upon the most wise and politic course of providing homes for all its citizens. When more than half of an inhabitation have no ownership of land, no roof under which it may abide in sickness and in health, except with the consent of another, and that in a country where there is an abundance of land and building materials, it is submitted that the people have allowed their legislators to devote their energy to matters of not the greatest importance.

It is herein urged that this subject of providing homes for homeless citizens be no longer left to individual effort. It has been tried and only the most thoughtful and thrifty have succeeded against the innumerable obstacles constantly combating their acquisition — such as natural improvidence, temptation to enjoy unnecessary pleasure, want of

## Housing of the Homeless

proper direction, indulgence in the use of intoxicating drinks, etc.

A practicable scheme is for a State or the National Government to issue its bonds and with the proceeds acquire the land and build reasonably comfortable and artistic fireproof houses thereon, and sell them at cost to the homeless on terms with which they can comply.

The British Government, in its efforts to right the wrongs Ireland has suffered from the profiteering of the old system of landlordism of the last century, has wisely and righteously created a method for housing of laborers. Every locality has its Local Rural Council who condemn, in appropriate neighborhoods, usually tracts of fertile land of one acre in size, and on which neat and sanitary stone houses are built with necessary curtilages, and rented to laborers at a low per-cent advance on their cost, or sold to them on equally favorable terms. Great success has attended this scheme.

This is the Socialism to which all men can subscribe. It ignores violent appropriation; it seeks the greatest good for the greatest number; it encourages Effort, the key stone of higher life; it ennobles all who come within its blessed influence. But a Socialism, robbing a brother of his Saved Labor, of the Capital he has earned by the sweat of his brow, has saved by privations that his despoiler has scorned; and which in the long hours of toil has cheered his vision as a maintenance for the approaching sunset of enfeebled days, and given

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hope to his heart and strength to his arms, is but a camouflage for robbery, and must, after running its course of sin, end to the utter disgust of those who know what life means, and believe in its higher destiny.

Such is the transforming power of the ownership of a home that overnight it will change a heartless and rank communist into a conservative citizen. So, to preserve order, to create contentment, to improve health, to increase longevity, the highest duty, the highest honor of a State, if all other agencies fail, should be to provide Land for Farmers and Homes for Workingmen, but which they will be compelled to pay for on fair and easy terms.

## Building Associations and Savings Banks

### BUILDING ASSOCIATIONS, SAVINGS BANKS, AND GOVERNMENT BONDS

THE controlling thought which should animate all economic regulations ought to be absolute justice to all parties in interest. What an amazing generalization it is that Justice, this quality of Justice, in its application is never hurtful to any one or anything; but on the contrary is ever harmonious with every interest however divergent or apparently antagonistic. With this idea permeating the thought, legislation may be entered upon with a sense of security of the end justifying the means.

This great sentiment reënforces and gives vigor to the conclusion that all effort to provide homes for every man and every woman and child north of the Tropic of Cancer must eventuate in social contentment and in the mutual regard for the rights of others.

Among the agencies to be employed may be mentioned the establishment of building associations as of prime importance. As usually managed they produce the most beneficent results. A pleasing house is selected, but the price is beyond the party's capital. He applies to the association, pays what he has saved, and the association lends him the balance at reasonable rate of interest. He moves his goods and chattels, he takes his wife and children,—his



## Capital, Labor, and the State

household gods, and settles under the new roof. He stops paying rent to his old landlord, and with usually only a slight increase over the rental value of the new home begins a life of economy and thrift, his heart ever cheered and his eye radiant with delight at each monthly payment to the association — the money parted with making the dear house so much more his own. His daily labor has become a joy, his privations a pleasure. Yes, more, he sees in the face of his life partner — satisfaction, happiness; and her coöperation has changed the lines of care in her beloved face into smiles and contentment.

Let, therefore, our legislatures encourage the formation of such institutions on just and generous lines, so as to enable them to perform their work on the broad bases of charity.

Nearly as important as building associations in stimulating thrift and economy are savings banks. They have a remarkable influence in turning a spender into a saver — a saver is necessarily a capitalist — a capitalist abandons Socialism which is destructive to honesty — an honest man is a law abider — a law-abiding individual is a good citizen and contented man. So the self-evident conclusion is that the States and the National Government should foster savings banks organized and managed on lines especially designed to carry out the wise purposes for which they are created. But both these and building associations should be under the constant supervision of public officials to prevent them from oppressing their patrons, to keep them solvent,

## Building Associations and Savings Banks

and thus to inspire the small capitalists with confidence in the return of their money.

United States and State bonds are operating in the same field as teachers of thrift and economy. Federal Farm Loans under the supervision of the United States Treasury Department are much to be praised, and a like scheme to secure urban homes to all persons who wish them should be created in the near future by Congress.

All these and other agencies are great civilizers, and indeed moral institutions changing in many respects the nature of the man for the better, although not by any means working the miracle of transforming a miser into a philanthropist, or the severe master into the indulgent friend. But the direct and immediate effect of such agencies is the turning of the laborer into a capitalist. The possession of Capital is a desirable economic condition for any person, and so all men wish wealth. This wealth secures services which may be even desperately important to health and life itself; it buys necessities at all times; it calms anxieties; it gratifies self-esteem.

Let there be no more of this demagogic rant against honest wealth—this appeal to the shiftless because of their numbers alone. Wealth properly employed is a blessing. It is only when it becomes an oppressor of those having less that its use should be restrained. Wealth in itself is no crime; if crime exists, it is in the brain which would use its power injuriously.

## Capital, Labor, and the State

It will be thus seen that these pages are written in defense of both wealth and work. Let the wealth of the country be increased. Let the workingman have his labor so rewarded that he may soon enter the wealthy class. The honest capitalist is the laborer grown to manhood—to a noble manhood, robed in the garb of civic righteousness, and who with proud and smiling mien looks the whole world in the face.

## Constitutional Power of Congress

### CONSTITUTIONAL POWER OF CONGRESS TO LEGISLATE ON THE PURCHASE OF FARMS AND HOMES

IN order to avoid doubt as to the power of the National Legislature to pass laws aiding the citizens of this country to buy farms and homes it is only necessary to state that by express provision of the Federal Constitution, Article I, sec. 8, "the Congress shall have power to provide for the Defense and General Welfare" of the United States, and "make all laws which shall be necessary for carrying into Execution the foregoing powers."

Under this extremely broad and wise provision whenever it shall appear to Congress that the general welfare of the country demands or will be promoted by any laws upon any subject, the constitutional power arises to pass them and cause them to be enforced.

The decision of what is the general welfare rests in the judgment of Congress exclusively as the mandatory of the people. So that if at any time and from any cause it shall appear that the general welfare of the United States demands that farms and homes should be secured for its inhabitants, Congress has not only ample power to act, but it is made its duty to pass such laws that will enable its good citizens to secure them.

## Capital, Labor, and the State

This grant of power does not, however, authorize the uncompensated appropriation of one man's property for the benefit of another, because by the Fifth Amendment to the Constitution, it is expressly provided that "Private property shall not be taken for public use without just compensation."

The term "General Welfare" is synonymous with the words "Public Use."



## CHAPTER IV

### NOBILITY OF LABOR

THE writer of this treatise knows of no biologist who does not believe that the fossil men found in the alluvial deposits of the earth, some specimens of which are in the British Museum and in the Royal Cabinet in Paris, were, generally speaking, the ancestors of the artisans, scientists, and statesmen of the present day, and that this extraordinary improvement in physical and mental development has been the result of Effort or Labor on the part of the individuals in their great struggle for existence.

This contest for life involved, in the many years of their evolution, a constant warfare among themselves and other species of animals to obtain an adequate supply of food which was always of insufficient amount. It required an unremittent labor to find their prey, to attack it successfully, and in turn to defend themselves against those seeking to capture them. It is difficult to realize what efforts this primitive man had to make, and how his intelligence must have been strained to the highest tension to have destroyed such animals as the megatherium and mylodon (each larger than the rhinoceros), the lions

## Capital, Labor, and the State

and tigers of those days when animal life was at its zenith, and this was accomplished without any of the implements or means of destruction of modern warfare.

Under the stimulus to obtain food or die the muscles of these fighters strengthened themselves; their wits were sharpened for both attack and defense; slight improvement or modification was made by some; those who survived transmitted these advantages by inheritance to their offspring, who in turn improved on them, until by accumulations during unknown ages they established their superiority over all others.

The anxiety endured by man in civilized society is comparatively insignificant to that borne by those early progenitors of our race.

Labor has therefore been the great instrumentality of nature to develop this magnificent specimen of the animal kingdom; it has been and still is the visible arm of the Creator working silently, but no less effectively, to turn the untutored savage into a reader of the stars, and a victor over matter.

Can there be any higher method of life than the one which has wrought the marvel of bringing into existence this most beautiful animal world? Can there be any nobler rule than that employed by its Author which has made Man the superb animal of creation?

The lords of civilization are mental and manual laborers. Each in his place—the one indispensable

## Nobility of Labor

to the other, and all unconsciously—the highest dignities are bestowed on Labor. Their patents of nobility are of equal antiquity.

All Honor to Labor — all Dishonor to idleness and sloth.

## Abstinence from Intoxicating Drinks

### ABSTINENCE FROM INTOXICATING DRINKS

As stated in the outset of this study one of the chief causes of the economic discontent of Labor is the inequality of wealth. If each man possessed nearly as much property as all other men this dead level would prevent the crinations of unsatisfied desires.

Whatever tends to exalt Labor of necessity reduces this inequality and discontent. The acquisition of wealth requires a clear apprehension of facts and correct logic for its conclusions to be valuable; and whatever clouds the brain and renders faulty the judgment must necessarily place such an unfortunate in an inferior position to his economic antagonist. To apply the principle, the man who has drunk but one ounce of alcohol loses measurably, until its stupefying effect has worn off, the impulse to move towards the accomplishment of the work he may have on hand — more yet, the capacity for a correct appreciation of the enterprise under consideration is impaired. Such being the effect of intoxicating drinks, it is a self-evident conclusion that the general abstention from so deleterious a habit must, where Labor is concerned largely and vitally, advance its equality with sober Capital; and of all

## Abstinence from Intoxicating Drinks

men, Labor Leaders should be the uncompromising advocates for prohibition.

Some of them cry aloud for the Dignity of Labor. It is a noble ambition. There is no crown too exalted for the brow of Labor, but the world will never en-throne a drunken workman.



# Capital, Labor, and the State

## LABOR

IN this discussion Labor is understood to include all present or current Effort, mental and physical, as distinguished from past or saved Labor, the synonym for Capital. A capitalist may be a workman as well as capitalist; if he is actively engaged in the use of his Capital he is necessarily a workman. So a laborer who possesses no more than his own tools is a capitalist to that extent. It will be obvious, therefore, in the economic system of modern life that Capital and Labor are each the constant concomitants of the other. The workman must have a house to shelter him and his family. Herein he enjoys Saved Labor, for the dwelling is Capital. His body calls for clothing; this is produced by other laborers. Take the instance of cotton cloth so universally used for garments, and there will be found not less than twenty major processes, starting with the fertilizer manufacturer and planter and ending with the final sale to the consumer, which have employed hundreds of workmen to produce the simplest and most inexpensive fabrics. These workmen also must have food, heat, light, shoes, and other things. For these they are directly dependent on the labor of other men. It is impossible to enumerate all the contributing and interlocking agencies going

## Labor

to make the life of the laborer existent and sanitary, and as dependent one on the other as the heart of the animal is on its lungs, and *vice versa*. Our modern life is all wonderfully complex and reciprocally helpful, and again, like the organs and functions of the body in their assistance the one to the other, has for its unified effort a state of elevated society wherein the faculties of humanity have an opportunity for the highest expansion. No man lives unto himself.

The receipt of favors imposes obligations. The workman who accepts food which a farmer has grown has no right to say to this farmer, "I will not weave the cloth for your coat." Each is under a moral duty to reciprocate in the production of the necessities of the other. In one sense the labor of each belongs to himself, and in another sense it does not. It belongs to each individually to provide for the necessities of life, and such reasonable surplus to be saved to take care of him in sickness and old age, but it does not belong to him to exact of another what will prevent such other from securing also for himself the necessities of life and such reasonable surplus to be saved to take care of him in sickness and old age. So the conclusion may be considered as true that the workingman has no absolute right even in his own labor when it affects his co-laborer. Indeed there is no absolute right in any kind of property, either Capital or Labor, and no workman has the moral right to exact such prices for the products of his labor which are greater than

## Capital, Labor, and the State

such workman is paying for those things made by others and which he is using for his comfort or welfare.

Now in addition to any contract between Capital and Labor for the production of any class of articles of commercial value there is necessarily another party to the contract, and that is the Buyer. By this word is meant the great class of consumers who stand ready to buy the product of the contract between Capital and Labor, and as a matter of necessity includes both capitalists and laborers engaged in other productions or enterprises.

Let us pause for a moment to understand what these words Capital and Labor really signify in their commercial sense. Capital, it is repeated, to be of value in economics, must be actively employed in the production of something desirable. A sack of ten thousand dollars in gold buried in the ground has no value in the business acceptation of the word. It might as well have not been mined or minted as long as it is hidden. It has, however, a potential value, for it may be dug up, and when engaged in paying for current labor becomes valuable and performs its highest and legitimate function.

So with Labor. If the workingman with strong muscles and nerves sits by his fire, passing his days in idleness, or works at producing something of no value to himself or which no one wants, his muscles may have a potentiality, but until he makes something contributing to the gratification of the wants of mankind his labor is valueless. Accordingly it will

## Labor

be seen that both Capital and Labor must introduce into their contracts a third party, the Buyer, and neither their possessions nor productions are of value without this Buyer. From these premises it follows that Capital and Labor have no right to make any contract between themselves which ignores this Buyer or Consumer.

Prices for the necessities of life should not be fixed so high by either Capital or Labor, or by both of them in combination, to prevent Buyers, or any class of them, from being able on their part to obtain the necessities of life and to accumulate by thrift and prudence such reasonable surplus to take care of them in sickness and old age. In other words, Buyers should have the same rights as the other two parties to the contract. And this in turn imposes the reciprocal obligation on Buyers, and the State as their organized representative, not to combine against either Capital or Labor to lower or in any manner reduce the value of the property of either of their co-partners below the fair price they should enjoy.

This broad view of these economic principles shows how strikingly harmonious the rights of all three, one to the other, are in their essential elements. Morally they stand as equals on the same platform of equity and justice. Each must accord to the other an equal measure of the rights and privileges it receives, and in according these rights each is blessed with highest prosperity and development.



# Capital, Labor, and the State

## STRIKES AND LOCKOUTS

THE determination of the justifiable right of Labor to strike and of Capital to lock out employés in a particular instance is far from being a simple matter, because very different and controlling circumstances may be involved in each case.

1. The law of Self-defense should enter into the consideration as a vital factor. Self-defense is an imperious instinct of animals and overrides all restraining rules. It is recognized by municipal laws in all countries. One is justified in killing any man or animal seeking to kill him. Incidental to the right to live there are many circumstances the violation of which although not immediately producing fatal results yet tend to the destruction of the comfort and happiness of living, and parties affected by them should defend themselves as best they can against their malign influence.

If this principle is applied to economics, it follows that wherever there are relations really and truly inequitable, unfair, or injurious to others, such persons improperly affected have the right, aye, it is their duty, to remedy them by all the lawful means within their power.

This conclusion applies to strikes and lockouts with equal vigor. It applies to the laborer or capi-



## Strikes and Lockouts

talist as an individual and acting solely by himself; it applies when either class combines with associates to make their united force more effective. To submit to injustice of any character, either to wages too low, or to hours of labor injuriously exhausting, or to unsanitary conditions, is physically, mentally, and morally degenerating; on the other hand to grant exactions which are unfair or tyrannical is repressive to the development of business and to the general good of all.

Unfortunately there is such a universal tendency to take the advantage whenever circumstances will permit. It is this spirit of avariciousness, this grasping for more than one is entitled to, this injustice forever upsetting the world, that causes strikes and lockouts and makes them vicious; and this viciousness invariably defeats in the end its own object, for arises in its majesty, over this troubled sea of selfish desires and efforts, the magnificent, the eternal law of God, that justice, and justice alone, shall prevail and endure.

A strike of workingmen is contemplated at this writing by some thousands of their number because of the abolition of the sale of intoxicating liquors, enacted in accordance with law; and another, as a protest against the punishment of one of their number who after a trial by the constituted authorities has been found guilty of murder. Each of them is vicious in every sense. Both are the results of ignorance or passion on the part of the strikers, are beyond the legitimate jurisdiction of Labor, and will

## Capital, Labor, and the State

be found, if carried out, to revert in the end to the injury of the strikers.

No animal can sin against his body without suffering the consequences, no man can sin against the moral law of his being, except the sin will find him out, and the same law is equally potent against all financial and economic offenses.

Ah! if men could only learn this great truth — there is only one path of safety, one path to success, and that is the golden rule of Christ, for men to do to others as they would be done by.

2. And this is all harmonious with the other great moral and municipal law prohibiting the use of one's own to the detriment of another.

Again, wonderful it is how just laws are ever in sympathy and harmony with all other just laws. There is never any disagreement, any conflict. In nature the laws of sound do not interfere with the laws of sight, nor gravitation with electricity, nor those of heat with force. To scientists who have studied them, how the wisdom, the power of the Creator, must appear as a great Governor ruling all nature.

This moral law commands the capitalist not to use his wealth to the injury of Labor; it commands the laborer to demand his full rights, aye, to the last dollar his wage is worth, to the last hour for rest and the pleasure of living, but not to destroy what he has not created.

It is often cried aloud by the laborer, "My labor is my own, I will work or not as I please"; and by the

## Strikes and Lockouts

capitalist, "My wealth is my own, I will spend it as it suits me."

Not so — Labor and Capital. You live in a society. That society makes your labor and capital valuable. Without that society, it would be worth nothing to you. Society is a party to the contract whether you agree or not, and as such it has those rights which it contributes. For Labor to stop production without considering the rights of society, that is, the rights of other men the products of whose labor it is enjoying, is wrong. For Capital to close its factories without reference to its effect on others who make its Capital valuable, is wrong.

The right to strike is based on nobler and higher grounds than ownership of labor. It is founded on that great principle of Self-defense understood in its broadest application. Instead of the strike and the lockout being deplored economic agencies, let us commend them if they are righteous; let us condemn them if they are not the instrumentalities of justice.

Our Revolutionary War with Great Britain was a strike — a holy strike, and behold the munificent results of a just strike.

# Capital, Labor, and the State

## LABOR UNIONS

WHERE the objects of Labor Unions are confined solely to advancing wages and decreasing the hours of labor, the institutions fail in their noblest opportunities. They become sordid instrumentalities ranking on a par with the miserly capitalist.

Of all the fraternal organizations their highest ambition should be not only the economic betterment but the moral and social advancement of their members. They should be the teachers of integrity of character among workmen, demanding Justice for themselves, returning Justice to others; the advocates of all that is worthy and noble and good; the enemy of vice and lawlessness; enriching their members with the deep happiness which springs from correct conduct, for be it known there is no joy on this earth equal to that which is born of righteous conduct, and no sorrow so poignant as the sting of sin.

And what would be the sure effect of such nobility? Labor Unions heretofore despised and feared by capitalists as organizations designed to take advantage whenever the opportunity presented itself; cruel; regardless of the injury they inflict on strangers; supremely selfish; sometimes unreasonable and ignorant in their demands,—these same Unions



## Labor Unions

would be hailed as a blessing to industry, as a loyal and just co-partner in the work of the world, and more efficient in securing proper and remunerative wages for Labor than ever their former antagonism to Capital had accomplished.

It must, however, be admitted that Labor Unions have not yet advanced to this desirable position. They have one particular sin, unatoned, against their own members, and that is, there is usually no classification of workmanship — the ignorant, the lazy, the inefficient workman is awarded the same wage as the honest and capable mechanic. They demand justice for labor and refuse justice to labor. They rob the competent of his work and skill without consideration, and give it to the incompetent who pays nothing for the stolen goods. They demoralize both.

There need be no fear that Unions will be injured by paying every man what he deserves, or that unskillful workmen will abandon them. Of all, the incompetent most need their support. The honest, capable mechanics can take care of themselves — the inefficient from their larger numbers vote down their brothers' wage to a general average.

A correct policy would seem to demand that the Unions should classify their members into probably three divisions:

1. Expert and skillful workmen producing the largest results and best products.
2. Fairly skillful workmen with medium results.
3. Inferior, yet passable workmen.



## Capital, Labor, and the State

The system of paying the incompetent more than he deserves and the competent workman less, is an injury also to the employer. It is like all unjust conduct, it harms all who come within its pernicious sway.

It is possible that employers may correct to some extent the injury they receive by paying in addition to the regular scale of wage set by Unions a bonus for increased production of superior quality. This method of correcting the evil may be considered by some to be too onerous on Capital, but this view leaves out of consideration the fact that the wages of workmen are frequently less than the other expenses of manufacture — such as the capital invested in factories, machinery, their obsolescence, agents for sale of products, interest on money borrowed, executive administration, and other items, and any extra consideration paid workmen for a higher class of articles made, and for larger amounts of such superior workmanship, would in many instances be the most profitable investment the employer could make. In such cases he would be reimbursed by the increased output, and his sales quickly enlarged by their superior quality.

How far the jealousy of the other workmen would be aroused, and an appeal to their Union be made to increase generally the price of work to the extent of the bonuses paid, might depend somewhat on the manner in which the premiums for good work were distributed — if to a unit of workers there would be much less danger than to individuals.

## Labor Unions

But all of this matter of quantity and quality of products, it is hoped, may come to be fairly and equitably administered by the compulsory arbitration tribunals set forth particularly in Chapter Fifteenth which follows.

The economic and moral effect of impartial ratings would be highly beneficial to the inapt and sluggards. As it stands there is no inducement for effort to improve, and the workmen themselves unconsciously suffer a baneful influence.

The writer makes two predictions to whom it may concern:

1. That organized Labor will never settle its contest with Capital, nor attain the influence in the State to which its numbers entitle it, unless it purges itself of injustice to Capital, its fellow members, and the public.

2. On the other hand, that organized Labor will, in exact proportion to the nobility of its principles and their enforcement, to its justice to all things and to all men, become the ruling power of the State and of the world.

The future belongs to itself, and offers dominion beyond compare.

Let us watch the horizon for the coming of some great Captain who will lead these soldiers of Labor to their position in society and the State, not by their numbers, nor by Bolshevik murder and theft, but by their integrity and honor.

# Capital, Labor, and the State

## RESPONSIBILITY OF LABOR LEADERS AND CAPITALISTS

IN civilized communities where the activity of Effort accomplishes great things, and in consequence of which millions are employed in the use of wealth, the responsibility of the leaders of Labor and Capital is enormous. A decision by a number of capitalists to refrain from the use of their wealth, or their credit, when the law of Supply and Demand warrants the expansion of business and not its retraction, affects the well-being and happiness not only of labor employed in the specific production of the articles manufactured by it, but also that of the vast horde of distributors and consumers. So the declaration of a strike by Labor when the profits of the work on which it is engaged do not warrant an increase of wages, or a demand for some incidental and supposed advantage affecting a part of a number of workmen and which might be remedied by the exhibition of a conciliatory spirit, or for other causes not of real value, a great injury is inflicted upon itself, and the time lost to these men is never regained. Indeed, time is the most evanescent commodity owned by mankind. It is ours at the moment — while it is passing — but passed it is gone forever. It belongs to everyone — it is as free as

## Labor Leaders and Capitalists

the air we breathe. We are as recklessly extravagant with it as the Prodigal Son was with his heritage. No note is taken of it, except by its loss. The future is its lamenting sufferer.

There is probably no better way for either capitalists or labor leaders to proceed than to open a ledger, strike a line down the center of the page, and on one side write all the arguments for a strike, and on the other side all the probable losses to accrue from it, and with this sheet before their eyes estimate the apparent advantage of the one course over the other. The capitalist from personal interest will be apt to make as unbiased an estimate as his knowledge of the facts will admit, but labor leaders sometimes allow their ambitions and a determination to rule to influence their decisions.

For the lockout or the strike to be justifiable every unworthy motive must be rigorously excluded, such as avarice or revenge on the part of wealth, and excess of wage beyond the law of Supply and Demand by Labor, or the determination to unduly extend its power.

It will be seen again that the philosophy of this discussion is at every sentence endeavoring to bring forward the great idea of Justice. Justice to each side of every controversy. Justice to Saved Labor, Justice to Current Labor. Justice, be it said with reverence, is a child of God. It springs from the Eternal Bosom of the Deity, and has the attribute of ever blessing and never injuring.

The workingman, if he thinks seriously of the above

## Capital, Labor, and the State

noble idealism, will agree that Justice in the abstract is all right, but his good common sense will not be slow in asking, What do you mean by Justice? That is a very indefinite term, and what may be just in one case may be rank injustice in another.

Define Justice, if you please.



# Minimum Wage

## MINIMUM WAGE

ECONOMIC Justice to the Manual Worker demands that his labor should not be considered as a commodity for sale. Man is a composite animal embracing intellectual and emotional qualities. They enter into all the acts of his life, and modify the products of his thoughts and the works of his hands. The methodical thinker will deliver his tasks well joined and of accurate construction. The imaginative mind will incorporate insensibly beauty in its productions. The man is a unit and cannot divorce himself from his nature. His labor is the product of his mind as much as the poem of "Paradise Lost" was a part of the intelligence of Milton.

When the workman delivers to his employer the electric motor he has made, it is then a commodity — but no more than the novel, "David Copperfield," was when Dickens handed its manuscript to his publisher. The distinction between the maker of the motor and the motor itself is not to be overlooked. The one is living intelligence, the other inanimate matter. So that when the economist approaches the subject of just compensation for labor, he meets the element of manhood — manhood with all the necessities of life, the sensibilities of the emotions,

## Capital, Labor, and the State

with all the yearnings of an existence possessed by the rich and the favored of this earth.

What, therefore, is Justice to this manual worker, this fellow man? Shall he be considered as a member of the human family, or only an animal that owns no home, hunts for its daily food, starts the springtime with nothing and ends the year poor and thin, that begets its species and dies?

Alas for an economic system, if this is all it offers for a whole life spent at labor!

The squirrel has his store for winter, the fox his warm den among the rocks to live and breed in, and the bear sleeps undisturbed in his hollow tree until the snows melt under the rays of the sun. Is man, our fellow man, poorer than these creatures?

Justice declares that the minimum wage of a laborer who is

1. An upright, earnest, and conscientious worker;
2. Reasonably prudent in the expenditure of his earnings, buying always the necessities of life for himself and family, and indulging in proper recreations and pleasures likely to be conducive to health of mind and body;
3. Who avails himself of the well-known aids of building associations, savings banks, and United States or State bonds; but who on the other hand,
4. Does not waste his wages on intoxicating drinks or other unnecessary extravagances;
5. Is not indolent, lazy, or frivolous, or will not work seriously at any labor;
6. Is not either mentally or physically incapac-

## Minimum Wage

tated to perform the ordinary amount of labor usually required;

should be an amount that, when he attains the age of thirty-five years, if an urban workingman, he will be the possessor of a home dwelling of respectable appearance and conveniences suitable for his standard of living, or of adequate funds with which to buy it; and at the age of fifty years, of sufficient additional capital that the returns from its investment will fairly support him and those of his family who are then dependents.

The accomplishment of this most desirable end is not an insurmountable task and may be secured, if the workingman would save regularly the small sum of fifty cents a day and deposit it with some responsible building association at 5 per cent interest, leaving it to be compounded semi-annually, his fortune would at the end of fifteen years amount to \$3,960, a sum sufficient to buy a comfortable and pleasant home. If the home was bought and occupied and he continued to deposit with the association one dollar a day (being a continuation of the original saving of fifty cents a day, and the estimated rental value of the house, now Capital, that is, fifty cents a day, which he no longer pays to a landlord), his credit at the end of another fifteen years would equal \$7,921. With the ownership of his home, and this last sum invested at 5 per cent, he would have a fortune somewhat adequate to keep want from his door.

The prospects of a young man working on a farm

## Capital, Labor, and the State

are equally as good. If he would save from his wages the sum of twenty-eight cents a day, starting at twenty years of age and compounding it in a building association at 5 per cent semi-annually, he would at the age of forty-five have \$4,885 to his credit, adequate to buy an improved farm of fifty acres of fertile land with the necessary buildings and stock, and with his youth and health still good the future would have a smiling aspect for him.

The above scheme represents the minimum result to which a worthy citizen who spends his life at labor is entitled, and inasmuch as Society is a party to every labor contract, it should assume and perform its duty to that end, because it is enjoying the benefits of the contract, namely, the use of the articles manufactured or brought into existence by such labor.

Think for a moment what Labor with the aid of Capital does for everyone. It builds the houses wherein they shelter themselves; it constructs roads making the carrying of necessities possible to every hamlet; it tills the land and produces food and clothing; in a word, it enables mankind to live and enjoy its life.

With the enjoyment of such benefits produced by the efforts of others, Society has no right to fold quietly its arms and say it is no concern of mine that Labor shall be properly recompensed. Society is in duty bound to pay the proper price for the articles it consumes, and this duty morally compels it to secure to honest Labor its proper reward,



## Minimum Wage

and to such an extent that, if the law of Supply and Demand will not bring the above minimum wage to the industrious and thrifty workingman, then it is the duty of the State as the representative of Society to establish and fix the price of labor at such sums as will produce this humane and reasonable result.

But while in some cases the State should become the active advocate of Labor, even if need be a militant for its rights, it is not less its duty to protect Capital from any undue oppression by organized Labor. Again Society is a party to the contract. It is interested in bridging the rivers of the country; in the erection of factories; in the manufacture of every article of commerce; in everything which Labor fashions. While it is its highest duty to require Labor to be paid its just price, it is also no less a duty that Society should not pay in excess of the just price — whether it is distributed among workingmen or swells the coffers of the rich. The duty in each case is equally solemn. The scales of Justice should be held at an absolute level between Capital and Labor and the People.



## CHAPTER V

### SUPPLY AND DEMAND

THE correct application of the law of Supply and Demand is often an intricate matter. It pervades the employment of Capital from the booth by the wayside, supplying pedestrians with a cheap lunch of sandwiches and coffee to the building and equipment of transcontinental railroads; it regulates the wages of the hodman who carries the bricks and mortar and the remuneration of the architect who has designed the palace; it fixes the price the public shall pay for its stockings and the millions of barrels of flour it will consume. On the wise application of this law depends success or failure to the individual. In every manner in which its operations may be viewed they work to the general good.

1. It stimulates the production of what is needed, and hinders the bringing into existence the useless and unprofitable.
2. It is the parent of Effort and private Initiative and is in exact accord with the basic principles of human conduct and progress.
3. It is conducive to fair wages and proper return for the employment of Capital.

## Supply and Demand

4. It establishes the price of necessities to the consumer to a level profitable to both Capital and Labor.

5. It prevents fraud, bribery, and avarice.

6. It is the only honest and just law of finance and commerce, and puts the capitalist, the working-man, and the public on an equal basis.

7. By its own action it corrects all economic evils. The price of money when too high, it lowers; the price of labor when too low, it raises. It is the greatest regulator known to economics, unerring and ceaseless in its silent workings, like a mighty engine noiselessly at work; but disturb its rotation, it destroys all that dare oppose its operation. Millions of financial failures mark the paths of men who have disregarded its admonitions.

There may be a few instances where the principle cannot be applied — as in the sudden declaration of war when the whole energy of the people must be concentrated on meeting the foe. Time, the great element of time to be saved has to be met, and time like heat is costly. The greater the urgency the higher the price, and in justice should be. Men are prompt to take advantage of this situation, both capitalist and workman, one not more than the other according to their opportunities. Out of this situation arises profiteering which is understood to be an unconscionable advantage resulting from abnormal circumstances. This matter of profiteering is a very universal sin, and frequently those not having the chance to apply it are the loudest in its

## Capital, Labor, and the State

denunciation. Men as a rule have about the same morality, neither more nor less than their fellows.

Nothing will take the place of the ordinary transaction of business, wherein each man depends on his own efforts for success and produces or manufactures what he thinks will sell quickest at the highest price, and he buying in the market of the lowest price. This is the law of his being — it is his heart — universal in time and place.

The path of wisdom, therefore, is for the State to interfere as little as possible with this human conduct. It cannot change men by law or by contract. Let the State withdraw from works which may be successfully carried on by individuals; let it foster private enterprise; and inasmuch as private enterprise can in innumerable cases be better employed by association of individuals and corporate wealth, let corporations be made legal and encouraged where their objects are commendable and honest. But right here, in consequence of the utter selfishness of mankind, there should go *pari passu* strictly efficient laws, and proper State bureaus of investigation in order to prevent both individuals and corporations from:

1. Deceiving the public in any manner as to matters relating to their enterprises.

2. All acts and combinations having for their effect the violation of the law of Supply and Demand.

There is nothing more timid of undue restraint than Capital. Give it the greatest honest freedom.

## Supply and Demand

Let it expand its wings and, like the albatross and its congeners which traverse the seas, it will carry precious burdens to every land, enriching the seller and the buyer, and enlightening the world with the civilization of wealth and morality.

# Capital, Labor, and the State

## COMBINATIONS OF CAPITALISTS AND LABOR UNIONS

IF what is advanced in this treatise in regard to the great public benefit arising from capitalists using their wealth in the employment of Labor, and of workingmen demanding full wages, be correct, it follows necessarily that each class may under lawful circumstances combine to make more efficient the program it seeks to carry out.

The embarkment of Capital in beneficial enterprises is certainly a desirable policy, and when there is a demand for results sought to be accomplished, its efforts should be encouraged not only by remunerating those who have undertaken to gratify the need of society, but such profits should be allowed as will encourage wealth to buckle on its wings and take the risk of venturesome flights, and inasmuch as unity and combination of aggregated capital are much more efficient in every way than individual effort, from the employment of larger amounts of money, the undertaking of more extensive enterprises, and the engaging of more minds to direct its application, greater and more beneficent results may be expected. Corporations are of great importance in this regard.

So with Labor. It has been shown heretofore to be the duty of Labor to enter upon strikes when op-



## Capitalists and Labor Unions

pressed beyond forbearance, for with both Capital and Labor the right of Self-defense exists in its full vigor. Men should not be compelled to work when their wages keep them as peons with no prospect of betterment, no hope in the future except continued slavery, and to make their protest efficient the right to strike exists, if no other means presents itself for relief. From this the deduction is conclusive, the same as in the case of Capital, that as combinations of identical interests are always more efficient than isolated and sporadic efforts, Labor not only has the right but it is its duty to aggregate its power in unions or other organizations.

Labor leaders may be shocked at the logic of the statement authorizing the combination of capitalists for fear of its influence impairing the autocracy of Labor, but their repugnance is not greater than the fight made by Capital to prevent the organization of labor unions. Each class is inspired with the apprehension of united effort being marshaled against its interests.

So far this doctrine is all very ideally beautiful, and if each party confined itself to only equitable demands, could put its heel on the ever-present selfishness of the human heart, the millenium might be thought to be approaching. But in practice the moment either Capital or Labor perceives it has the strength, and one is no worse or better than the other, instantly avariciousness is born and demands are made of the other side which are often unjust, even oppressive and confiscatory.

## Capital, Labor, and the State

There is no help for this in the present state of business. It will continue as long as the heart of man remains ungoverned by either moral sentiment or municipal regulation. Municipal regulation is in the power of the State, as will be shown herein later, and should be exerted when necessary to restrain injustice or fraud by either Capital or Labor.

Courts, or commissions, or compulsory arbitration boards should be established by Congress, and the several States, to adjudicate all questions of dispute between Capital and Labor and Buyers. Congress has already created an Interstate Commission and the States have appointed Utility Boards. These are most excellent adjuncts to restrain corporate abuses. There should be courts or compulsory arbitration to regulate the rewards of Labor as well as of Capital. It is a flagrant injustice to adjudicate on "Saved Labor" and allow "Current Labor" unrestrained excesses. They are both essential to civilization, and they may be both vehicles of oppression. The general welfare of the country is at this moment suffering from the failure of the law-making authorities to have entered upon the consideration of the establishment of wise and efficient tribunals with adequate power to regulate all the reciprocal rights of Capital and Labor and Buyers on honest, broad, and remunerative bases to each.

Instead of such provisions of law likely to be to the detriment of either Capital or Labor, if they are administered on the sound principles that Capital

## Capitalists and Labor Unions

must be rewarded adequately and Labor paid at least such sum as to secure the workingman a home, according to his standard of living at middle age, and a competency at the beginning of the decline of his usefulness adequate to support him and family against penury and want, they would be found to bring the greatest blessing that Labor has ever enjoyed.

There is nothing needed so much by Labor as a tribunal to fix and enforce an honest wage. At this time it is out in an open sea with no land or pharos in sight to direct its movement. At one time stirred to an ill-advised strike, then because of the mistake returning to the work benches in a worse condition than before; or organizing and demanding impossible conditions to such an extent as to scare Capital from investment — ignorant of the demand for the goods it manufactures, of their cost, of the profits made by the employer, and the price for which they should be sold. Generally all Labor knows is that its wages are unsatisfactory, sometimes really insufficient and sometimes purely imaginatively so.

How much better for an arbitration tribunal composed of capitalists and workingmen and consumers to be vested with authority to examine thoroughly and impartially all the important facts of the case with power to decree and to enforce its judgment.

These unhappy days of industrial unrest cannot endure forever. Some relief, some scheme to quiet heart-burning desires must be adopted based on principles of equal justice to all.

## Capital, Labor, and the State

Courts of judicature settle contentions between men to the great advantage of litigants, and there is no reason why other tribunals, particularly compulsory arbitration boards, either general or special, suitable for the jurisdiction they are to administer, should not be brought into existence to mete out justice in economic disputes with the State to enforce their findings.

## CHAPTER VI

### GOVERNMENTAL RESTRAINT

**Y**ET the selfishness of Capital must be restrained within honest limits. There is no more difficult subject for the economist to solve than to decide on the wise mean whereby private initiative will not be restricted, but rather encouraged, and at the same time fraud upon the public prevented.

Capital must be rewarded to secure its investment. Its investment is followed by a most important result, namely, the employment of labor which brings into existence all the wondrous things of civilization. Ill fares the land where the profits, honest profits of Capital, are repressed. And what are the honest profits to which Capital is entitled?

1. In businesses well established, enjoying a monopoly, such as railroads, gas, electric-light and power companies, and where the minimum of risk exists, but which require constant supervision in their management, amendment, and improvement in the service they furnish, the lowest profit will be adequate to attract the investment of Capital. This amount may be fixed at about seven per cent per annum on the fair value of the enterprise.

2. But the building of a railroad and the estab-



## Capital, Labor, and the State

lishment of gas and electric-light and power factories and other adventures in a new country where years may pass before they become profitable, if ever, Capital must be offered profits in proportion to the risks assumed in order to secure its investment. The leaders of such enterprises must have the entrancing vision of great wealth to awaken them to the investment of their capital, in peril of its loss, before they will embark in such schemes. And this is their just due. Does anyone suppose that the great transcontinental railroads of the United States and their hundreds of feeders would have been undertaken at the early period they were built if the Interstate Commerce Commission had been in existence at the time with its powers to limit fares and freight, to establish the service to be rendered, to ignore the risks to be taken by Capital in allowing only a meager compensation for the money invested? The development of this country would have been retarded if the policy ruling at this day had been in existence in its earlier formative manhood. The present generation can hardly conceive of the wild rush of internal improvements subsequent to 1866. Hundreds of thousands of emigrants were landed annually on our shores with ready employment, immense tracts of land were subdivided into homesteads—villages and towns sprang up overnight—the whole country was humming with the noises of factories, because Capital was unrestrained and private initiative encouraged.

It is not denied that abuses attended many, if not

## Governmental Restraint

most, of these enterprises in the issuance of watered stock, floating of bonds in excess of values, the proceeds pocketed by the promoters of the schemes, paying of enormous and often unmerited salaries to the chief actors and the making of millionaires of those within the ring, yet notwithstanding all these acts the country was rapidly developed and it became a great nation and world power before it was realized.

There is no doubt that some governmental restraint, both Federal and State, is necessary and healthful, but the exercise of its power should be watched by the public with jealous care, and any tendency to restrain initiative or to repress the use of Capital frowned upon promptly, and those officials who by education or temperament show themselves antagonistic to the just remuneration of Capital for its risks and use should be removed from the positions of trust they occupy.

Naturally many users of the utilities will oppose full compensation for the accommodations provided because it will increase directly their expenses, forgetting that eventually they will suffer more if such corporations for want of funds cannot continue, or can render only indifferent service. Such objections should be heeded no more than the false demands of the managers of the enterprises.

## CHAPTER VII

### BUYERS

**F**OR Capital or Labor to be recompensed for its outlay both must be engaged on work that brings into existence something that other men want, that is, there must be Buyers. Hence it follows, there are three parties to every economic contract, and neither one of them can be dispensed with, nor is it desirable for either one of them to be omitted from the transaction.

Before the capitalist invests his wealth he considers the laborer who will perform the work and the Buyers who will purchase the finished product. Before the laborer selects a trade he estimates as well as he can the Capital employed in it and the Buyers who will want the articles he produces. Before the Buyers determine to acquire any article—house, shoes, or other thing—he calculates the cost, composed of the return on the Capital invested and the wages of the workmen. Now inasmuch as each one of the three parties is endeavoring to sell in the highest market and to buy in the lowest, the desires of the three are in some respects in direct conflict with one another.

If unrestrained, the selfishness of humanity will

## Buyers

surely enter into the transaction, and one party, or two out of the three, will take advantage of the unfavorable condition of the other to defend itself against some exorbitant demand. Of course this is wrong; it is in violation of the golden rule that one should do to his neighbor as he would be done by, and in the end of a long series of transactions, or of a lifetime, it will work, by some method or providence not understood, to the ultimate failure of the unconscionable party.

In commerce this temporary advantage of either party to the contract does not endure indefinitely — the great law of Supply and Demand soon comes into play and corrects the inequality.

## CHAPTER VIII

### THE STATE

TO the present writing the discussion of the rights of Capital, Labor, and Buyers has been narrowed to their contracts between themselves. But the commercial experience of the world has shown occasions to have arisen wherein neither of these elements has been able to control the economic situation within the influence of the Supply and Demand. For example, capitalists controlling the organization or management of corporations have been guilty of issuing stock and bonds far in excess of the true value of the franchise and physical property represented, and therefore in order to pay dividends and interest on such watered securities have charged excessively for the services rendered. So Labor, by reason of the power of association, has through unions demanded and received in some cases wages in excess of the Supply and Demand of the articles it manufactured, or the work performed, and again Buyers have united to depress the legitimate price of goods to the injury of both Capital and Labor.

These, like all other acts founded on selfishness, on injustice, on the taking of unfair advantages of



## The State

the situation of the other parties to the contract, should be restrained, for no one has the right to use his own, his own in any sense, to the detriment of another, and when the circumstances become from any cause unmanageable by the others, and particularly when such abuses affect the public as a mass, then and not until then the people in their organized capacity, namely, the State, should interfere with power to correct the wrong no matter from what cause it may arise.

For what is the State and what are its legitimate functions?

When a large number of people inhabiting usually the same territory form themselves into a community, such an association becomes a State, and from its numbers, its power, its agreement on certain propositions of political, social, and economic importance establishes rules for government and by means of agents enforces obedience to them, such an organization takes on the character of a modern civilized State.

Its function is the well-being of the entire community within its scope of influence. Whatever is injurious generally to the moral, mental, physical, or economic life of its members is and should be a legitimate matter to regulate or abolish. A State failing to protect every right, tangible or intangible, of its citizens is just so far defective in its constitution; or expressed in its final analysis, it is the duty of the State to prevent everyone from using his own to the detriment of another.

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It is impossible to enumerate the myriad abuses prohibited by municipal laws. The statute books of the States and the National Government are full of them. The selfishness of the human heart is inexhaustible in its fertility to devise new plans to go beyond its neighbor, and as long as the moral sense of mankind is not radically changed it will be necessary to enact new laws to prohibit new abuses.

To apply these general propositions to modern commerce is a high duty of the State, and this is not Socialism either. Rather the enactment of sound economic laws is the best means to prevent Socialism. Wealth, or its other name, Capital, must exist, for otherwise there would be no funds with which to pay Labor for its products, and no products for the Buyers, or their other name, Consumers; but the world has everywhere and in all ages been subject to the extortions of capitalists. It is therefore the duty of the State to enact laws against usury; to prohibit issuing of deceptive papers, whether stocks, bonds, bank checks, notes, or other obligations; to restrain the employment of men, women, and children under circumstances injurious to their welfare; to establish courts for the investigation of all public utilities, and to fix the prices to be charged at such amounts as will pay remuneratively for the service, and encourage not only their continuance and upkeep but also other capitalists to embark into such enterprises; to establish tribunals to consider the subject of lockouts by capitalists; to restrain them if unjust to Labor, or to uphold and strengthen them if just;

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in sum — to consider the entire economic situation of the nation and by the power of numbers enforce by appropriate action its judgments.

It is also the duty of the State to create tribunals to secure to Labor its rights, and on the other hand to prevent Labor from oppressing Capital and Consumers. It has been stated above that Labor has sacred rights which should be upheld and fostered. This cannot be affirmed too strongly. Every honest workman should receive such a wage as will enable him to support himself and family in comfort and in health, and at the same time enable the provident to lay aside such daily sum that when at the approach of old age he will be possessed, if a resident of a city, of his own home suitable for his standard of living and of such an amount of wealth that sickness or incapacity will not make him a pauper; and if a farmer, he will also be able to look out from his window on his own fields and stock. This is the minimum wage with which an honest, sober, and thrifty workingman should be contented, and prices should be fixed by the law of Supply and Demand to accord such a remuneration to a lifetime of labor, and if such law does not secure it, then the State through its economic tribunals should have jurisdiction to control the circumstances entering into the subject of production and also of prices to bring about this most desirable result.

It follows necessarily from this view that the rights of Labor must be subjected to the same jurisdiction of supervision to which Capital will be sub-

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ject. It is an intolerable injustice to establish commissions to regulate Capital and to allow Labor to go unsupervised, to go wild in its demands arising from ignorance of the Supply and Demand of the work it does.

There is but one true rule in life — Justice alike to all men. Any violation of its dictates cannot last. Sooner or later the great law of compensation overrides the particular injustice, establishes right — but alas! such is the depravity of the human heart, such the initiative of selfishness, that as one error is corrected another injustice is born, and thus goes on forever the continual battle between right and wrong, ever changing places, ever assuming new phases, and ever the fight. And yet, mysteriously, wrong never eventually succeeds. Men who are always seeking an unjust advantage are never successful in the long run. Let one look over his acquaintances, and he will find those who give short weight or false change, or neglect the business committed to them, or who misrepresent their goods or demand more than they are worth, or do other wrong things, are very rarely successful. Something secretly pulls them down to failure, while those who are honest and just and true reap the reward of competency or wealth.

If this principle of Justice is to be applied to economic matters then all the wrongs which Labor suffers, and all the offenses which Labor commits, should, when the law of Supply and Demand fails to regulate justly the situation, be capable of being sub-



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mitted to a High Court of Justice, which should have jurisdiction to decree and the power to enforce its judgment; that a strike may be righteously declared in a certain case; that a strike is unwarranted in another case, and must cease; that wages must be increased or lowered; that the hours of labor are too long or too short; that sanitary conditions are bad and must be remedied; in a word, that this economic subject shall be arbitrated and judgment passed exactly as all other disputes are finally settled between contestants by the judicial tribunals of the country, even to the extent if necessary of assessing damages against the guilty party.

The rights of Current or Present Labor are no more sacred than the rights of Saved Labor or Capital. There is no absolute right in any property, because its value depends on others buying it. Capital not used is valueless. Labor, idle or producing something no one wants, is valueless. Each depends on the other and on a Buyer, and to this extent its absoluteness is qualified. Each knows of this paramount condition before he embarks on investing or laboring, and therefore all this cry about the right to strike *ad libitum*, of the absolute right of Labor to do as it pleases, is an utter fallacy arising from a narrow view of the situation which includes only Capital as its adversary, and does not embrace that other more important party, the Buyer, without whom Labor is as worthless as a boulder in a plowed field.

Another circumstance equally important in quali-



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fying the absolutism of Labor is that every workman is at all times enjoying the benefits of the Capital and Labor of others, and partaking of the well-being and security offered by Buyers in their organized status as a State.

The house the laborer occupies represents Capital, the clothes he wears, the food he eats, the tools he works with are bought at prices regulated by the law of Supply and Demand, and while enjoying these benefits he has no right to declare that they do not equally apply to himself.

All society is based on the surrender of absolute and unlimited liberty to do as one wills. True liberty consists in acting as one wills, provided it does not infringe on the rights of others.

In the subdivision of this subject under the head of Strikes it was stated and it is here reaffirmed that the law of Self-defense applies to strikes as well as to the protection of one's own body, and therefore it is the duty of Labor to strike when it is denied the just compensation for its work which will enable the workingman and his family to live in comfort, in health, and to save such a reasonable sum as will procure him a home and maintenance after a life of labor.

But this determination to strike, while it may be exercised in the first place, unless prohibited by statute, by those intending to strike, is and should be subject to review by the State, to determine if it is justified by the circumstances, precisely as in a case where Self-defense is set up as a justifica-

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tion for an assault. One man shoots another. He is put on trial for murder. He alleges the man he killed was about to kill him. His judgment is not taken as decisive of his innocence, but the matter is investigated by a court and jury. If his claim of self-defense is found to be correct he is acquitted of the homicide; if not, he is adjudged guilty. So with strikes and lockouts. Each has the right of Self-defense and may act on it for the moment, but each should be subject to review in a properly constituted court and the final judgment of the tribunal enforced against each equally.

Saved Labor and Current Labor should obey the same laws, and when these are administered righteously it will be found that prosperity will await on both, for Labor cannot attain its highest wage without Capital receiving the same measure of success, nor Capital be most beneficially employed if Labor is downtrodden or underpaid. They are as inseparable as the liver and the kidneys in the animal body.

## CHAPTER IX

### THE CONSTITUTION OF THE UNITED STATES

THE preceding observations are based on the general principle that in a Society where an individual enjoys certain benefits from being a member of it, he has received an adequate consideration for the surrender of an absolute free will to do as he pleases when his conduct will affect the rights of others. Association in business, in marriage, in a State, or in any other manner, implies a regard for the rights of associates. This rule of conduct is universal.

But in the United States the political economist is not obliged to resort to these social and equitable principles to find authority to control Capital in the use of its wealth, or to compel Labor to perform its duty at fair prices. The Constitution of the United States has settled both of these matters on an honest and just basis. By express provision Article I, section 8, the Congress shall have power to provide for the "General Welfare" of the United States; and shall "make all laws which shall be necessary for carrying into Execution the foregoing powers."

It would be difficult to frame a broader grant of

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power or an expression more universal to prohibit abuses and promote advantages than the one placing the "General Welfare" of the United States in the hands of Congress, the direct representatives of the people chosen by their free and secret suffrages.

To find the country cramped by the machinations of capitalists, or internal improvements, and the production of the necessities of life or commerce paralyzed by labor unions, surely the "General Welfare" of the nation is very seriously impaired. The moment either of these conditions exists the extraordinary power of Congress arises out of the very situation and the enactment of all laws necessary to restore the general welfare rests in its discretion. The decision of what this "General Welfare" is, wherein it has been impaired, what remedy is necessary to restore it, are matters which rest exclusively in the judgment of Congress — neither in that of the President of the United States nor in that of any judicial tribunal. The function of the President is to carry out and enforce the provisions of law made by Congress; that of the Judiciary is to interpret the meaning of such laws — what Congress intended by the use of the words it employed.

So it is seen that any claim by either of these two great economic forces, Capital or Labor, the foundation stones of civilization, of being above or beyond the law — that its will is supreme — is repugnant not only to the first principles of Society, but is also by the express language of the Constitution made subject to whatever law and restriction the



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people may decide by their representatives in Congress is necessary to curb any conduct injurious to the general welfare of the United States.

Such was the unlimited power granted by the Constitution as passed by the Convention of the original thirteen States. All individual rights, all property, were subservient to the general welfare of the country, but our wise forefathers soon saw that such unrestrained power might readily under stress of war, or during economic convulsion, or by failure of crops or otherwise, be perverted by harsh and unfair legislation bearing more heavily on one portion of the people than on another, and accordingly early in the history of the country they secured the enactment of an amendment to the Constitution, Article 5, which provides that "Private property shall not be taken for public use without just compensation."

These two provisions of our Magna Charta stand thus together as protecting shields—the first to secure the general welfare of the people, the amendment to prevent injustice to the individual.

Congress has so far exercised its power for the general welfare principally by the enactment of the so-called Sherman Anti-Trust Law and the establishment of the Interstate Commerce Commission, whose main objects are to prevent oppressive combinations by Capital. It has not found it necessary yet to legislate against Labor, but the latter is no less amenable to its power when the general welfare of the United States is imperiled.



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The right of the workingman to the value of his labor is as much private property as the saved labor of the capitalist. Each is protected equally by the Constitution from arbitrary appraisement. No public official, from the President of the United States to a military lieutenant, has the capacity to set the amount of "just compensation." This is a judicial act, and to be performed as in the ordinary course of justice — namely, by notice to the owner, a day in court with an opportunity to present witnesses as to the merits of the investigation, and the value of his property condemned for public use, to be decided upon by impartial jurors, appraisers, or other tribunal.

Accordingly, if Congress should ever have occasion to intervene for the general welfare in the regulation of Labor, it will be not only necessary for legality, but absolutely for justice, that an impartial tribunal should be established with power to summon witnesses, to inquire into all the important circumstances controlling the cause, and with the right to adjudge whether Labor is receiving its fair reward; if it is not, to decree an increase under pain of justifying a strike or such other forcible means it may seem wise to adopt; but if the remuneration is just, to decree that the strike or its other acts are unlawful and must cease, and to inflict punishment or damages as may be appropriate and just.

The provision of the Constitution relating to the general welfare of the country is in immediate connection with the provision for the defense of the

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nation, the words being that the Congress shall have power "to provide for the Defense and General Welfare of the United States."

Under the word "Defense" it has summoned to arms millions of men, as in the late war with Germany, and given them such pay as is just compensation. The life of a soldier and the work he does are as sacredly the property of the man as that Labor belongs to the workingman. If for the "Defense" it can command life, for the stronger reason it can command Labor, and on such terms as the "General Welfare" demands, subject, however, to just compensation.

It would be well for both Labor and Capital to understand clearly that they hold their possessions subject to the general good of Society.

## CHAPTER X

### IMMIGRATION

THE subject of Immigration should be regulated in a well-settled country principally on the basis of the economic law of the Supply and Demand of Labor. If labor at home is in excess it is plainly wrong to allow it to be further impoverished by accessions. It is unfair also to the emigrants, who would find themselves without the means of support; but on the other hand when the supply of labor is inadequate to perform the work needed for present development, the immigration of able, honest, and otherwise desirable foreigners is a wise, humane, and just policy.

No better illustration of the inestimable value of immigration can be found than in the history of the growth of the United States. With practically a boundless territory of fertile lands awaiting cultivation; with unopened mines containing one third of the known deposits of coal of the earth; with gold, silver, copper, and iron ready for their discovery; with many other natural resources lying idle in a salubrious climate; with a government of freemen, this vast and blessed country has by the aid of millions of emigrants during the period of almost

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a single lifetime become the foremost nation of the world in power, in intelligence, in wealth, in nobility of character, and in morality.

The earlier emigrants have long since become not only acclimated to our soil but also to our institutions, have forsworn all allegiance to their former rulers in deed as well as in oath, and bestowed upon their adopted country the double blessing of their own presence and energy, and the gift of a numerous progeny, whose loyalty, displayed on the battle-fields of France under the flag with Stars and Stripes, was as pure and noble as that of the descendants of Lexington or Valley Forge.

As to those who have more recently cast their lots with our own it is with satisfaction that the citizens of the United States have found, with few exceptions, that their devotion to their new homes has not been less ardent and sincere than that of the bravest. An impressive and convincing lesson of their loyalty and heroism is the reading of the long lists of those who died in battle and were wounded in the face of the enemy, bearing German, Austrian, Polish, Hungarian, and Bulgarian names. These men heard cannons roar, sank under bursting shells, felt the momentary pain of the mortal stab of the German bayonet. They gave, as well as the sons of Colonial dames, their all. The German Kaiser who boasted that the boys of the fatherland, although citizens by oath of the United States, would never fight against his rule was never more grievously mistaken. With the exception of a very few traitors

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— and they would be traitors wherever placed— none were more loyal, so Congress in legislating on the subject of Immigration may fairly leave out of consideration the question of previous allegiance of the emigrant.

It is true that in some large cities like New York the ignorant emigrants herd themselves into colonies of the same nationalities to which they belonged, and continue more or less to speak the language of their youth; but where else are they to go, and what other language are they to talk in except the one they know? By degrees, however, their children attending the public schools and spreading out into employment among our citizens soon drop the majority of the customs of their parents, and in the third generation are genuine American citizens.

So Immigration is eminently a matter for wise economic adjustment. Business should not suffer for want of agents, crops should not fail because there is no plowman, and unexplored mines remain. With the coming of such laborers comes a double blessing. They bring their hands and brave hearts to work with; they bring no less their wants to be supplied. They must be fed, housed, and clothed. These necessities in turn make demands for labor and capital, for more labor and capital than before they came, and the country grows rich before it is realized, like the miser who compounds his interest with his principal.

And yet where land is all occupied, factories full of operatives and others are clamoring at their doors



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for work, counting houses and stores surcharged with employés, it is plainly the duty of the State to suspend Immigration until a demand arises by a return flow of the tide of business. No hard and fast rule, either favorable or unfavorable, should be adopted. It is a question belonging to the hour in the life of a nation.

## CHAPTER XI

### TARIFF

THE adoption of either a high or low Tariff affects considerably Capital and Labor and Buyers. It is in its essence largely an economic matter, and is intimately associated with the law of Supply and Demand. The effect of a high tariff on goods made in foreign countries has the immediate result of maintaining to the extent of the impost added a higher price for the same articles manufactured at home. The revenue derived from the duties contributes to the amount collected, in paying the expenses of the Government, and to the lessening of internal taxation on the people. A double benefit is usually thus secured.

A low tariff on the other hand is promptly followed by the importation of such goods and other things that will, notwithstanding the duty imposed, sell at an equal price with those of domestic manufacture. The supply being thus increased, their variety and quality enlarged and sometimes bettered, and all men buying in the cheapest market, the wages of the domestic workers must be kept to a scale no higher than foreign labor plus the low impost and the cost of carriage from the foreign

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market. The tariff being low will to the extent of its reduction fail in the support of the Government.

The general principles above stated are subject to a number of modifications.

1. It is universal experience that all men will buy in the cheapest and sell in the dearest markets, and this principle of human conduct must never be overlooked. Nor is there any impropriety or immorality in such action. It is a legitimate effort to attain success in the acquisition of the necessities and conveniences of living and, as it has been shown, Effort is the chief cause of advancement and civilization. Ordinarily, and unless under the impulse of some extraneous motive, foreign goods at the same price and quality will be bought as readily as those of home manufacture.

2. As to whether a people favor a high or low tariff depends therefore largely upon their domestic status. Confining the consideration of the subject to the United States of America it is apparent from its size of territory, its variety of products, its diversity of population, its manufactories, that there will always be a difference of opinion on this subject arising out of their several interests.

Very naturally the people of New England and the Middle West will strongly favor a high tariff. Their towns and villages are crowded with factories, their watercourses and steam engines are utilized at turning work-wheels, their houses are filled with men, women, and children producing something useful, all and everything are alive with work, and

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all are interested in maintaining the price of their products to the highest possible point — these people are and should be advocates of high tariff. They would probably not object to a prohibition of entry of all foreign goods which come in competition with their own.

The motives which actuate the workingmen are equally, if not more, efficacious in molding the opinions of capitalists who own the mills and employ the operatives. They want to sell their products at the highest price. Obedient to these facts manufacturing sections of the country have generally favored high tariff on goods manufactured by themselves.

On the other hand the people of the Southern States, inhabiting a country exceedingly adapted to the growing of cotton, corn for sugar, tobacco, and other staples, have devoted themselves to agricultural pursuits rather than to manufactures and consequently have favored a low tariff. This is as legitimate and wise as the course followed in localities where the chief industries consist in turning raw products into finished articles of commerce. Each wishes to buy in the cheapest and sell in the highest markets irrespective of how the transaction may affect his neighbor.

Another important factor molding the opinions of agriculturists is that inasmuch as their sales consist principally of the products of the soil, sent to crowded and less fertile countries, it is important that a reciprocity of trade should be established

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and their raw materials turned into manufactured products, and sent, if profitable, in return to this country in payment for what has been shipped to them. The more freely such foreigners can dispose of their manufactures, as in cases of low tariff, a greater demand for their goods will be created at their home and abroad, and the higher their wages will go. The higher their wages the more money they will have to spend on the imports, the more will be imported, and the products of the agriculturist by this increased demand will in turn sell for a higher price. But these economic circumstances will also raise wages in the foreign exporting country and tend somewhat to equalize prices with those of the importing State.

Again it must not be forgotten, we cannot export indefinitely without importing practically an equal amount of goods or products. To export only, our sales, if large, would soon exhaust the money supply of any nation. A people like individuals must produce something others will buy to be able in turn to supply themselves with their own necessities. Nor can we import extensively without exporting, otherwise we would also become bankrupt.

The considerations mentioned above affect more directly those immediately engaged in manufacturing and agriculture. There are, however, usually a number of persons who seem at first to be only buyers and, therefore, concerned primarily in the advantages of a low tariff. But on further analysis of this complex subject it will be found very few persons,



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although only engaged in mental or manual labor, are exempt from its influence.

Take the cases of the carpenter and salesman as examples. A high tariff results in the greater sale of home-made goods and is followed promptly by larger profits to the capitalist and higher wages to Labor. New factories are erected to accommodate this increased business and more houses built to sell to workingmen for homes — the carpenter is thus benefited and his wages increase. As to the salesman — the more money received by either capitalist or workingman the more he spends in the stores and a greater number of jobbers, commission men, salesmen, clerks, and employés are required, and at more remunerative salaries. This thought might be further expanded and shown to run, more or less, through all trades and occupations.

No man lives unto himself.

One other consideration, and this rather favorable to a low tariff is, that the more general importation of foreign stuffs has a broadening effect on home manufacture. It teaches what other men are doing. It suggests ideas and methods unthought of previously. It destroys the evils arising from isolation.

In a country like the United States, having such a variety of climate, of soil, of products, of labor, and all of such vastness, this question of tariff will always demand an important consideration by its people. With characteristic selfishness a part will urge high imposts on all the articles they produce, and with like selfishness will vote for a low scale on the

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same products if they do not manufacture them, and so *vice versa* with everything.

It would seem wise for true statesmanship to seek a compromise between these adverse interests, and to establish a medium tariff for the whole country so each class of the people will surrender something to the welfare of their fellow citizens.

Of course this proposition is somewhat idealistic — ideal to expect anyone will give up what he may retain for himself. But it is plainly set forth as an end to be attained by humanity, because man has made great progress in that line of conduct by advancing from the state of the savage, which recognizes nothing but selfishness to an altruism which gives to poverty and deserving merit, which submits to a qualification of all natural rights by becoming a member of Society.

Is it too much to believe in an optimism which cherishes the hope that in the long eras of the future, men as they become more civilized may also grow in brotherly love, the true enemy to the selfishness which rules the world today with its ugly and baneful spirit? May not the aspiration for a nobler life induce the mind to seek it?

## CHAPTER XII

### MERCHANT MARINE

**I**T should not be difficult to decide on the advisability of a Merchant Marine established either by private enterprise or by aid of the State, if the principles repeated in this treatise are given their proper consideration.

Nothing can be plainer than, if ships are built and employed in either foreign or domestic trade by individuals and found to be profitable, such business must be a desirable undertaking. It employs thousands of laborers, starting with miners of coal and iron, next the lumbermen who fell the trees, then those engaged in transportation, ship carpenters, boiler makers, and a vast number of other trades, such as longshoreman, sailors, engineers, and navigators, until their numbers are legion, all engaged in labor earning their own livelihood and contented as the human heart can be. For such ships to continue to traverse the seas there must be a demand for their employment, and whenever a commercial demand exists it is an elemental principle of economics that it should be gratified.

There are, however, many circumstances contrib-

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uting to make Capital wary of such enterprises and it requires large speculative profits to overbalance the risks, such as:

1. The natural dangers of the seas, storms, hidden rocks, etc.
2. Rapid deterioration of ships and frequent and unexpected breakdowns, etc.
3. The ever-increasing wage of helpers, sailors, and others.
4. Competition with cheaper foreign labor in ship-building, and the remuneration of seamen.
5. Cheaper rates in foreign bottoms than in our own ships.

When the above facts are taken into consideration, it is evident that for the shipping of this country to be maintained by private owners the freight rates must be high, and the opportunity of foreign vessels to compete reduced to a low point. The above case supposes profits to Capital and Labor and solves itself. But when home ships are driven off by foreign ones from any cause, the business takes on another aspect and should be decided according to the following rules:

1. Is there a demand for all the labor of the country at profitable occupations other than ship building and ship navigation? If there is, such labor should be diverted to those businesses found to be profitable instead of being engaged in those entailing a loss. This proposition is so elementary as to answer itself.

2. No feeling of pride or rivalry should enter



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into the decision. What does it matter if foreign ships are carrying our wheat to Europe, if it will cause a loss to owners of American vessels or to the public under the guise of bounties? And let it at this point be noted that the granting of any bounty or bonus to another to sustain an unprofitable or unnecessary enterprise is essentially wrong, unless the people from whom it is exacted receive an equivalent compensation. No man, no State has the right to sequester earnings or property to maintain the business of another, unless such appropriation will be returned in some equally valuable form.

The contribution of a bounty or bonus by the State is the taking of funds from its citizens, collected by taxation, and giving it to some individual or enterprise. If the citizens receive no adequate compensation for the expenditure of the public money, it is in substance the taking of private property without just compensation and is prohibited by the Fifth Amendment of the Constitution of the United States.

Nor should a State itself carry on the business of Merchant Marine or Railroad Transportation or other Public Utility when unprofitable or a drain on the public resources of the country unless some supernecessity, as in time of war, renders such action necessary, or there is such a surplus of labor as to be a menace to public security if it is not employed by the State. In which latter case the compensation to those who pay the cost is the security of life and



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property acquired by the employment of the unemployed.

Every sober, industrious, and frugal citizen is entitled to be employed at the work he is qualified to perform, and to be paid for the same an adequate wage. He and his family are human beings. They must have shelter, be clothed and fed. These are prime necessities, and the State, when the law of Supply and Demand does not provide for his case, must take up the burden and supply them. And this is not Socialism either.

It was the duty of the State to have prevented such a catastrophe if large numbers of workingmen are affected by such an economic condition. It should have elected legislators sufficiently far-sighted to have stopped immigration if an excess of population is the cause of the nonemployment; or if the monopoly of land by a few has crowded the cities beyond their capacity to employ their population, then they should have foreseen the evil, and laws should have been enacted preventing the holding of land not usefully cultivated; or if either Capital or Labor by organization has defeated the legitimate development of business, its statesmen should have been wise and brave enough to have established proper tribunals to have regulated both, or either of them, and compelled them to accept fair profits and just wages; or finally, such a tariff should have been established as to have prevented foreign competition to such an extent that employment would be available for all who wanted to work.

## Merchant Marine

The State as well as individuals must pay for its mistakes.

It will be found, except in the demobilization of a large army or some failure or cataclysm of nature, that the State through the incompetency of its legislatures will be the cause of there not being adequate work for its citizens. So when such a condition from any cause arises and men are starving, or houseless, or without raiment, to prevent theft, violence, murder, and anarchy which invariably follow the want of such necessities, the State by whatever power it possesses is wisely bound to remedy the situation to the best of its ability. In such a case the establishment of a Merchant Marine by means of bounties to individuals, or by the State itself entering into the business of ocean traffic, is entirely justified, even though it suffer loss, if such business is considered to be the best or even a proper method to employ surplus labor.

These considerations may have to some extent entered into the judgment of English legislators when they have granted bounties to shipowners on occasions where there have been three to five workmen applying for one vacancy in their factories. Then not only bonuses for vessels but all other works in which the public is interested, such as building of highways, digging canals, introduction of water or electric power, etc., are entirely justified for the highest and wisest economic considerations.

But a general surplus of labor should be real and widespread — it should not be a camouflage to

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force exorbitant rates of interest to Capital or unfair wages to Labor before the State should move in its majesty.

The ownership by the State or its citizens of merchant vessels which could be changed into transports for carrying of soldiers, their supplies and munitions of war, is no adequate reason to build up a Merchant Marine and to sustain it at a loss. The United States, it is to be hoped, will never have occasion again to ship an army across the seas. To be well prepared to fight takes away the fear of war,—and who should not fear this most dreadful of human evils? Why not learn a lesson from the collapse of Germany?

## CHAPTER XIII

### SOCIALISM

FROM the number of adjectives used to qualify the term "Socialism" it is very difficult to state what it stands for. There are conservative socialists, independent socialists, and socialists who are communists. It is supposed they have some common creed from the use of their common designation. Among those people who are not socialists this new economic theory is understood to embrace those citizens who are dissatisfied with the existing order and government of affairs, social and economic, and the world is invited to change what it has tried for something so uncertain that even its advocates have not settled on any definite program or principles — except they demand a change.

1. To determine in any case whether a change of method is desirable, the correct philosophic procedure would seem to be to estimate in the first place what it is proposed to change.

Confining these observations to the social and economic conditions of the United States, which all the readers of these words understand as well as the writer, and limiting the observations to the period before the late war with Germany,



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as showing best their normal status, the question is asked, Where in the whole world and at any reliable historic period has there been such unexampled prosperity, health, opportunity for pleasure, and freedom for all classes of society as existed in this country? There was no invalid of mind or body but was provided in the eleemosynary institutions which were located in every community with food, raiment, and skilled attention. No poor were seen begging for bread, no cripples exposed their misfortunes, except those who preferred, no homeless family slept under the stars, no wrong was suffered but was amply redressed in courts, where all costs were waived for the poverty of those unable to pay for the assertion or defense of their rights.

The home life of the family was sacred and protected from all intrusion by officials or strangers, and men made their firesides peaceful, refined, and loving as they chose. When they left their front doors they met an active world, hurrying on its errands, well dressed, intelligent, and earnest — the women crowding the stores with their pockets well filled with their husbands' wages, and the boys and girls tripping their way to or from the public schools.

Before sunset practically all work had ceased and the evenings were spent in family reunions, at places of entertainment, or in promenades on the streets. Everywhere during the day there was work. Capital withdrew its money from the bank vaults and paid the thousands of workmen who made the



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materials and erected public buildings, warehouses, stores, dwellings, large and small, occupying sometimes whole blocks of ground. The sound of hammer and saw was heard in all quarters. Houses for workingmen, well built, sanitary, and of pleasing architecture, were for sale or rent in all cities at reasonable prices and on easy terms of payment, and new dwellings, new barns, and well-tilled fields dotted the whole country.

Every opportunity for ambitious youth was open to all. The free public schools prepared him for the study of medicine, for law, for scientific engineering, for chemistry, and for statesmanship. If his voice was not heard in the legislature of his State, or the Senate of the United States, it was his own fault.

Labor unions were generally recognized in all trades and the wages of the workmen regulated by them to such an extent that their members received, as they should have, proper compensation for their labor. Fraternal organizations embracing almost every conceivable charity were common.

In a word, Universal Prosperity marked this blessed land of Freemen.

From a survey of its social, economic, and political aspect, the agencies being the same today that they were before the war with Germany, is it not reasonably certain that the same prosperity will continue, will multiply as the population of the country continues to increase? There are no dark clouds arising in the horizon, except those we make ourselves. The

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land is fruitful, the people are healthful, the government is free. Shall we change all of these good things for some theory of government of which we know nothing? This country is envied by all others. They live on our food, they long for our freedom, they would have our prosperity, but they do not work like the Americans. There are no people in the world that have the energy of ourselves, and consequently there are none who have our comforts. It is work, and work alone, that has placed America on this pinnacle as a beacon light to which all eyes are now turned. When its work ceases the light will grow dim, and the tide of emigration will flow to other lands.

As an undeniable proof of these assertions let us call attention to the late subscriptions to the Liberty and Victory bonds of the Government. There are approximately 21,000,000 families in the United States, and its Treasury Department publishes officially that there were 65,277,680 subscriptions to the five loans. This is a wonderful testimonial to the individual wealth of the people, and to their magnificent patriotism.

2. Yes — there is more work to be done, and there is no way to escape it. It has been God's manner to make all animal life self-developing, — insect, fish, bird, mammal, man. It has been His decree that each creature should strenuously exercise its natural faculties and from their employment two vast results have taken place, viz.: an evolution to constantly higher and higher organ-

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isms; and a great and unalloyed pleasure enjoyed from the exercise of these faculties and the performance of such work as they were capable of doing. They both proclaim in the loudest voice the mercy and love of their Creator.

What is it that Socialism proposes to do? Is it to escape Labor and at the same time to possess food and the comforts of civilization? As well expect to suspend the attraction of the earth. Is it to have one class of men work, and then to divide the product of their labor with another who has been idle? You cannot change the heart of man, nor is it desirable that you should be able to do so. What a man earns he will ever claim as his own. Is it to take from those who by superior intelligence, harder work, and unabated thrift have accumulated Capital and divide it among his neighbors? This would be only a temporary measure, for what would socialists do after they had consumed this surplus and there was no more wealth? And who would then attempt in the future to create a surplus if it was known that as soon as it was heaped up it would be divided? And how is a surplus brought together, except by the employment of Capital — and if there was no Capital with which to pay Labor for its work, what would become of the laborer?

Probably the conservative socialist will answer, the above is not what we want. We want something else. But the conservative socialist soon descends to the extreme socialist and he further steps downward to the communist.

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*Facilis descensus Averni.*

Socialism is founded more or less on the vicious principle that what a man earns and saves is not his own, which develops itself either into a crude and direct appropriation, or the more covert but no less efficient manner of paying to someone more than he deserves, for as shown before no one can receive more than is his due without taking from some other what belongs to him.

But let us have social equality, another socialist demands. We have political equality it is true. One man is no better than another, and there should be no distinctions in society. There are no distinctions except those individuals make for themselves, and these cannot be controlled by statutes. Caste or class is an inherited instinct among all animals — those different in nature will not associate. The writer has seen many times cattle penned in a field together where the cows will not allow the heifers to associate with them — and the heifers will drive away those younger by a year. He has observed the Holstein cows, which are black and white, lie together, and compel the Guernseys, yellow-red, to keep at a distance. Horses and cows in the same pasture eat separately. Plymouth Rock hens, a gray, black, and white color, will sometimes refuse differently colored chicks, although they hatched the eggs. In the spring the robins come from the South, and there are no other species of birds with them. So it is all through nature. Does Socialism expect to reverse this universal habit,—to establish by law



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that the manual laborer shall dine with the expert mechanic and the latter with the lawyer and judge? In the first place, the laborer will refuse to annoy himself with company which does not think the same things as he does, nor will the judge enjoy talking about a trade he does not understand. They separate themselves with pleasure to each. It is scarcely worth the trouble to elaborate this argument. Socialism must find some other theory on which to effect a change in society.

Again, others wish the Public Utilities to be operated by the public. All of the towns and cities of the United States are governed by the public. They are public utilities.

The United States Census for 1913, the year before the war with Germany, shows that the total net indebtedness of the Nation was \$1,028,564,055; of the States, \$345,942,305; and of minor divisions, such as Counties and Towns, \$3,475,954,353, — a total of \$4,850,460,713, notwithstanding all real, personal, and intangible property was assessed and taxed to the limit of endurance. Almost everywhere the taxes are increasing and the bonded indebtedness as well.

Nothing stimulates attention, care, and faithfulness in the transaction of business like personal responsibility for neglect and bad judgment, and it is to expect something more than human of a manager of an enterprise to contend, without capitulation, against the difficulties which constantly arise when he works for a salary and does not suffer losses.



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A conspicuous illustration is furnished in the operation of the railroad transportation of the country by the National Government in consequence of the late war with Germany. A report of the commissioner in charge of the roads asserts that it has cost the Government approximately \$486,000,000 more to perform the service from January 1, 1918, to May, 1919, than it has earned. It is estimated that the sum total of the loss which the citizens will be compelled to pay for their experiment at railroading will approximate \$1,000,000,000. The telegraph, telephone, and cable companies show no better service than when managed by the corporations whose energy and enterprise brought them into existence.

Every loss in the operation of any public utility must be made good, every debt incurred must be paid, every extravagance must be atoned, and by whom and how? By the citizens through taxation. And let it here be noted that no one, however poor, escapes its effect. When the taxes on the land and houses are increased, the laborer who paid twenty dollars a month for rent soon receives notice that his rent is proportionally increased. The merchant assessed higher on his goods marks up the price and a dollar buys less than formerly.

Yet there are those who will risk the increased taxation of their neighbors to secure an easy municipal job with fat salary. These men are socialists. They look at the luscious plums on the Public tree and long for the inviting fruit.

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At the time of this writing the President of the United States has issued his proclamation that the railroads taken under control by the Government as a measure of war against Germany would be returned to their respective owners on the first of next January, 1920, and his Secretary of Commerce has lately addressed a body of citizens declaring that it is unwise and dangerous to vest in any one man, or set of men, the purchasing power which the possession and management of the system confers. So enormous are the supplies required, so great the opportunity to appeal to the personal interest of those who furnish the necessities of these enterprises in a country so vast, that an ambitious and selfish President anxious to perpetuate his power might by awarding improper contracts retain himself and his satellites in office to the prejudice of the people.

Not only the purchasing power might be abused but many of the hundreds of thousands of employés of these great utilities won over by excessive salaries and high wages.

At this moment the question is asked as to the advisability of the State taking over and operating the coal, oil, and natural gas productions of the country.

The subject arises from an apparent effort on the part of some capitalists to monopolize these great products of the earth, demonstrating that the natural and eternal selfishness of the heart of man is still at work.

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Even the advocates of Government ownership do not believe the prices of these necessities will be lower to the people than if they remain in the control of individuals, but they do not wish to see such wealth concentrated among a few capitalists.

On the other hand, it is not believed that the above fear of monopolization warrants the Government in embarking on such enterprises; and under its power to promote the general welfare of the United States, laws may be enacted preventing monopolies from controlling production and regulating prices of the above articles which will be more advantageous to the public than Government ownership.

All the evils set forth herein as arising out of unwise Socialism apply with equal force to this subject.

The power of the Government should be the mind controlling such utilities, and not the hand of a laborer doing the work.

Is it not the height of folly to change these systems, even though they are not perfect, for something else so fraught with dangers? Shall the country, in order to appease the desire for a change, destroy the existing order which has produced such happy results?

The certain effect of the changes proposed by Socialism will be the loss of initiative. Such a consequence is far more deleterious to the welfare of humanity than is usually at first supposed. By effort man has acquired dominion not only over the fishes of the sea, the birds of the air and beasts of the field, but has made subservient to his will many of the laws and forces of nature. Think of

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him,—this man whose remains are found in the bear caves of France with flint arrow heads, his weapons lying by his bones; the remnants of his dwellings, built from fear on piles, in the lakes of Switzerland; our nearest relatives of the alluvial age unearthed in Java,—this same man whose descendants through efforts, individual efforts, and their transmission by inheritance, developed the astronomer Herschel, who weighed the mass of the Sun and computed its distance from the Earth, and the mathematician Gauss, the inventor of logarithms. Would Newton have discovered and proved to be true by the motion of the moon the law of gravitation if he had not spent his life studying geometry, or Lodge the principles of wireless telegraphy had he not enslaved himself to science? It is said Demosthenes, the great orator of Greece, was a stammerer with a feeble voice. He put pebbles in his mouth to cure his speech and talked before the boisterous waves to be able to drown the noisy Athenian mobs. His efforts have brought him fame down through the ages.

Effort to overcome obstacles, effort to discover the secrets of nature and its laws, initiative effort forever seeking the paths of least resistance, the restless untiring efforts of your and my ancestors have enabled me to write and you to read these words.

This is a great thought, a great discovery of modern investigation. It illuminates the past and makes plain the wonderful advancement of the human race — its subjugation of the wilds of



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the earth; its marking of the limitless waters of the oceans into paths as accurate as the highways of the land; its discoveries of steam, of heat, of electricity; its expressions of beauty in architecture, in painting, in eloquence, and in poetry — all without exception the result of initiative effort, persistent effort to accomplish the conceptions of the brain. This great thought is a lamp with which to light up the uncertain vista of the future which no one can say does not hold in its eventful bosom a more glorious man than it has entered into the mind to conceive.

There is only one enemy to be feared in this ascent to the higher ranges of the mountain heights to be trod by the future man, and that is the cessation of effort. If Socialism has at its core, at its heart, any principle to prevent men from making constant, persistent effort, if it will in any manner encourage the transfer of effort to another, or to the general public proper to be performed by the individual, it will be found in the end to have been the deadliest foe to the well-being and progress of man. It would proclaim a halt in the wonderful career this biped has already carved for himself in the history of the world. Should we not, therefore, be the enemy, the uncompromising enemy of all schemes of Socialism or other plans of Government which depress or discourage private initiative; all systems which transfer responsibility from the shoulders and pockets of men working for their own success to indolent officers of the public?



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Of course Effort is tiresome, but it makes the muscles and their nerves strong and resilient; it wearies the mind; its success or failure excites the pulsations of the heart, and yet it develops a nobler and greater man. Let railroads, steamships, gas and electric companies, etc., manage their affairs in their own way, relying on the competition arising out of the law of Supply and Demand to promote industry and to correct abuses. Let them have such honest and just profits as to induce others to supply the public needs, and yet because of the irrepressible selfishness of the human heart let them be controlled to honesty, and adequate performance of the service they undertake. Let the magnificent progress and development of the past, wrought by individual effort, be the guiding light for the future.

The only legitimate field for Socialism is in works of Charity and Love. Those brave men who in consequence of their devotion to their country have on the battle-fields of France become blind or lame or ill are the very highest objects of Socialism in its noblest sense. Wherever there is weakness, wherever there is wrong to be righted,—and they cannot be remedied by ordinary economic laws,—there let Socialism enter and perform a holy and Christian duty, but do not let it force itself into those precincts where to correct an evil or rectify an error a greater evil must be perpetrated even though it assume falsely the garb of righteousness.

Degeneracy is the natural offspring of economic Socialism.

## CHAPTER XIV

### COMMUNISM

AS stated in the previous section, it is an easy step downward from Socialism into the abysmal darkness of Communism and Anarchy. Socialism as understood by some moderates signifies at the present time that the public utilities should be operated generally by the State. This is believed to be only a temporary definition of the scheme, and ready to be expanded as circumstances may allow. Communism, however, has already advanced to the idealism of the abolishment of all private property, without compensation to its owners, and vesting and operating all individual labor and production in the general public.

Neither can the system of Socialism, which proposes to take possession of the public utilities of the country, be put into operation, nor can that of Communism, which will nationalize land and make common all private property, be adopted under the present Constitution of the United States without the payment of just compensation to the owners. By the Fifth Amendment of that immortal charter it is provided that "Private property shall not be taken for public use without just compensation."

It is suggested that the citizen who contemplates

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centering in the Government the ownership of all the railroads, telegraph lines, telephones, ocean cables, express companies, markets, and other establishments generally patronized by the public, should estimate the cost of this transfer. He will find that probably one hundred billions of dollars would be required to pay for them. Where is this money to come from? As a rule the socialist has none, and no one else any such amount. The communist proposes to go even further than his friend, the socialist. He will not be content unless all private property is taken from its owners, — land, houses, factories, machinery, furniture, everything.

The wealth of the United States consists in these things, and in these things alone. Its wealth is not in the territory itself. It is true the people are in possession of the land, but the land is valueless unless labor is bestowed on it. Millions of acres of far richer soil lie under the tropics, and yet they are worth nothing to those who live on them. Hundreds of square miles of undrained bogs and marshes are in some sections of the United States, yet the tax assessors do not charge the owners with the vast plant food dormant in them until the labor of man by ditching and draining has made them available for use.

No political economist, no census commissioner, knows the value of the private property of the citizens of this country. It may be two hundred thousand millions of dollars — it may be even more.

If our Constitution is to stand, who is to supply

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this purchase money. We are dealing with figures which Omnipotence uses in placing the stars in His firmament. The discussion is futile. There is no such money. To adopt either Socialism or Communism the present order of Government must be done away with, and Revolution substituted.

Suppose it be granted that there are defects in the present order of Government, that there are the good things in Socialism and Communism claimed by their advocates. Would the correction of our bearable evils and the establishment of the betterments proposed be worth the plunging of the country into the horrors which have characterized the revolution in Russia?

American fighting American!

Wherein has Bolshevism benefited anyone in Russia? Has it improved the condition of labor? There are no internal improvements. Has it abolished caste? No, not even by murder and expatriation of the middle classes. Has it given to the peasant the land he tills? Not an acre. It is all held by the State. There has been a new proprietor substituted for the old one. The last landlord is more tyrannical than the former. Has it changed slavery for freedom? Men now are compelled to work from fear of death, and the Czar is named Lenine.

All of these proposed innovations and radical changes will accomplish nothing. They do not reach the root of the disease. It is the heart of man that is sick. Cure him of his selfishness and the evils which spring from his egoism will disappear.



## CHAPTER XV

### THE REMEDY

THE preceding discussion of the economic conditions of modern civilization may be likened somewhat to a physician attempting to diagnose a disease. His efforts are valueless if he can find no proper remedy to offer for the physical disturbance. So after claiming the attention of the reader to a description of the evils narrated this subject should not be dismissed without the best possible remedy known to the writer being suggested for the cure or mitigation of the wrongs described.

The great underlying cause of the conflict between capitalists, workingmen, and buyers is the imperious demand of each individual of each of these classes to provide for his necessities, and inasmuch as not one of these necessities, excepting the air, is free, and never in superabundance, but can be obtained only by manual or mental labor, both of which are tiresome and frequently exhausting, there arises a contest among the seekers as to who shall possess themselves of the coveted things. From the abuse of this competition arises the conflicts of Capital and Labor and the Public.

Many attempts have been made to conciliate



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these diverse interests, but so far no sovereign method has been devised. So various are the commodities demanded by the multitudinous wants of modern civilization that no uniform plan can be made to apply to them. Each case takes on its own rule of action.

Among those suggested have been:

1. Sharing by Capital and Labor of the profits and losses of the enterprise.

This case represents practically a common-law partnership and could be adopted in only a few instances, because (a) the workingmen would not usually be possessed of the Capital requisite to make good the losses, (b) or to sustain themselves while waiting for profits. It would not ordinarily be acceptable to Capital because if the undertaking was extensive, some of the workmen although co-owners (a) would be incompetent to decide on many of the important matters of the business, and (b) the liability of dissatisfaction and desire to close out the undertaking and demand their profits, which could not be accomplished, unless agreed to, except by a suit in an Equity Court with liquidation and probable sale and destruction of the business.

2. A share in the profits without liability for losses or privilege to direct affairs.

This method has many advantages over the foregoing and has been adopted in some instances. It is based on the principle that a man usually will work most effectively for himself. (a) This plan may take the character of a bonus on the efficiency

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of the workman, he relying on the integrity of the employer to render him justice, (b) or it may be a legal obligation, giving the workman a right to call for an account in a Court of Equity.

Voluntary bonuses are sometimes paid by corporations doing large and profitable business.

Wherever a party surrenders any part of the wage he would be entitled to under the rule of the Supply and Demand he pays an adequate consideration for a share in the direction of the enterprise. But there are many cases where the profits are so small, or so hazardous, or the services of Labor so unimportant that the plan of bargaining for a bonus would be undesirable to Capital, and if wages were below the standard because of the expected bonus, it would be unacceptable to Labor.

3. The almost universal practice of paying Labor a fixed sum for its services is evidence that it is the most acceptable plan to both itself and Capital.

But circumstances are constantly arising making prices previously agreed upon no longer satisfactory to one or the other party and contests at once take place to fix a new scale. In such cases if each side is animated to act justly towards the other, and will approach the subject in a dispassionate spirit, and thoroughly investigate the important facts, many cases would be settled to the mutual advantage of both sides. It is the best method and ought to eventuate in justice to all.

This plan has lately been adopted by the National Government in a number of important cases with

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great success and to the benefit of all parties concerned.

It is entirely proper that the State as the representative of Society should inject itself into the contests between Capital and Labor whenever the people are likely to be deleteriously affected, and endeavor to conciliate the adverse interests.

Men directly interested in issues soon become excited and proportionally lose the calmness necessary to take an impartial view of the facts and their consequences in their effort to accomplish their desires. It is here that an investigation of the facts of the case by composed and disinterested persons who are truly anxious to serve the best interests becomes most important.

Such is the compelling quality of justice that when it is made apparent the mind cannot resist its influence. Self-interest will confess and seek to avoid it by false assertion of facts, by inconsequential excuses, by predictions of disaster, and otherwise, but when a learned and patient conciliator unravels the tangled skein and exposes the fallacies of self-interest, and undeniable justice is presented to the view, a settlement of the dispute is not far distant.

4. If, however, after such examination Capital and Labor cannot agree, then the next most desirable method is Voluntary Arbitration, if it is truly impartial and capable men are selected. This plan has been adopted in thousands of cases and generally has resulted in mutual satisfaction.

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5. The disputes which arise among men are due more to ignorance of the important facts of the case than to any other cause. The processes of reasoning are so uniform and the sense of right conduct so similar in humanity that the same conclusion is almost invariably reached by all from the same facts. If this statement be true the result follows immediately that knowledge of the facts controlling the use of Capital and Labor is the most important circumstance to establish a solid and working basis between them.

Capital is constantly meeting such questions as: Will the supply of Labor diminish or increase? Will wages rise and if so, to what extent? Will there be a failure of raw materials? What are the prospects for wheat, corn, cotton, steel, coal, etc.? How far may foreign countries be counted upon as profitable markets, and which ones are likely to be the best, and for what products? In a word the entire situation for investment is always a matter of speculation, founded more or less on some accurate information, but from the large number of failures reported year after year among merchants, their knowledge of the Supply and Demand of the merchandise they deal in must have been frequently wrong.

What these men want is accurate and broad information of all the facts likely to control their business. This knowledge will enable them to escape many unsuspected dangers, and direct them into paths leading to success.



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When the attention is turned to Labor the ignorance of the workingmen is most apparent. Summed in a sentence all their knowledge is usually founded on "hearsay," sometimes exaggerated, sometimes entirely wrong, sometimes correct. Pleasant reports are believed, those adverse to their wishes are repudiated. They are not qualified as a rule to determine the Supply and Demand for Labor except in limited areas. They have not the funds with which to gather the information, nor are they accustomed to weigh the facts presented, and not unfrequently arrive at a conclusion not wise. One division of Labor suffering from insufficient remuneration is sometimes at work, while another class already receiving a wage bankrupting the employer declares a strike for higher pay. In some instances an entire confusion and uncertainty exist as to what is fair treatment, resulting in a scramble for more.

What Labor needs as much as Capital is an accurate knowledge of the Supply and Demand of its own commodity. This information should come to it from the most efficient and reliable sources, after thorough investigation of all the facts bearing upon or modifying it. There should be no padding or distortion of reports, and only trustworthy and able men employed in the investigation, having the confidence of both Capital and Labor.

The above statement of the uncertain knowledge of the Supply and Demand for Capital and Labor at once suggests, as an important part of the Remedy to quiet the issues between them, that certainty shall



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take the place of uncertainty and knowledge supplant ignorance. To accomplish this desirable change it is proposed herein to be established as an essential preliminary:

(a.) Five Commissions of Supply and Demand, to be located one each, for example, in New England, at Boston; in the Middle States, at Philadelphia; in the Southern States, at Atlanta; in the Middle West, at Chicago; and on the Pacific Coast, at San Francisco.

The commissions are each to be composed of three members resident in their respective districts. The United States Board of Commerce or Trade or other national organization to nominate for each commission three members to represent Capital, the American Federation of Labor or other national organizations to nominate a like number for each commission to represent Labor, the President of the United States to select for each commission one of the three nominated by the respective nominating organizations, and also the President to appoint one member of each commission by and with the advice and consent of the Senate to represent Buyers or the general public.

The individuals named as commissioners are to be at the time of their appointment under forty years of age; to hold office for three years unless their appointments are sooner revoked by those from whom they received their nominations. In case of removal, vacancy, or incapacity of any member, his office is to be filled by another nomination representing the

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same class of Capital, Labor, or Buyer as the case may be.

The duty of each of these commissions shall be to inquire into the Supply and Demand for Capital in the section of the United States for which they are appointed, of the commerce and important businesses therein including prices of materials; also into the Supply and Demand for Labor of their section, ascertaining the number of workingmen idle and at work, and the rates of wages of each class therein, the cost of living and all other matters and things of value to Capital and Labor and Buyers, in order that each class may make contracts mutually advantageous to each of them.

(b.) Each commission shall make a report in writing every week to the Departments of Commerce and of Labor at Washington on the above matters, and shall cause the same to be published once a week in a daily newspaper of general circulation in each of the cities or towns of their section of the country.

(c.) The expense of the above investigation and publications to be audited by the Department of Labor and paid for out of funds in the Treasury of the United States.

If these commissions intelligently and faithfully perform their duty throughout the whole country there will be the fullest and most accurate knowledge of the condition of both Capital and Labor, and each class should not have any difficulty in determining whether it is receiving an adequate return for the

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use of its wealth or work, or if it should change its investment, or seek other employment, or move to other localities apparently more favorable.

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Of the one hundred millions of people inhabiting the United States of America there are probably thirty millions engaged in mental and physical labor, and all the population are consumers. Whatever affects these vast masses beneficially must be to the "General Welfare" of the Nation. As previously stated there is an express provision of the Constitution of the United States making this "General Welfare" the special duty of Congress to investigate and provide for.

Under this mandate the Congress has the power, and it is its duty, to enact legislation controlling any abuse by either Capital or Labor, and to pass laws in that behalf.

6. As the labor unions increase in number, organization and consequently in power, of necessity employers will consider themselves compelled to organize for defense. This movement has already begun in Canada. When Capital combines for united effort, and force arrays itself against force, as two mighty armies, direful results will follow to industry, to commerce, and even to civilization. After each side has fought, has exhausted itself and committed all the excesses of which the unbridled wants and passions of men can conceive—each panting and helpless—a temporary treaty of peace

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will be concluded, as has been often the experience among nations in the past.

The reconciliation of Capital and Labor will never take place by these adverse contests, but only by unqualified justice being accorded to each. Under the heavens there is no peace where justice does not reign.

If therefore our legislatures are wise, they will devote themselves to the paramount demand of the hour to enact laws that will settle contests between Capital and Labor on the basis of awarding to each the last right to which it is entitled. If employers and workers have the forecast of their best interests they will combine for the purpose of securing justice not only for themselves but for their opponents and the public. Then open warfare and secret combinations will be useless and inasmuch as the wise and just settlement of all controversies have been for hundreds of years best determined by trials in courts of judicature, so all disputes and contests between Labor and Capital should be decided in the same manner by the arbitration of disinterested and competent minds of sympathetic fellow citizens.

There are many motives for conduct and many minds among men, and from experience it may be expected that some capitalists will refuse to arbitrate and some workingmen will vote to strike even against their own best interests. In order to provide against all such obstinate and unreasonable conduct, it is proposed herein that Congress, by virtue of its



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Constitutional power, and the States, in addition to the Commissions on Supply and Demand provided for above shall establish:

1. Compulsory Arbitration for the settlement of all disputes between Capital and Labor, in the event of nonacceptance of Voluntary Arbitration.

2. That either party, including the National Government or a State, by petition to the United States District Courts may ask for arbitrators. Thereupon each side shall name three persons from which number the Court shall select one as arbitrator for each side of the controversy, and the Court shall name a third arbitrator to represent the Government or State.

When it shall appear to the Court that the matters in controversy between Capital and Labor are of great importance, or affect a large number of persons, or an extensive area of territory, the Court shall order that each side shall name nine persons from whom the Court shall select three as arbitrators for each side of the controversy, and the Court shall name also three arbitrators to represent the Government or State.

All arbitrators shall be disinterested. The right of challenge of arbitrators for cause shall exist. The Court to decide the issue.

On failure of either party to name arbitrators, the Court shall appoint in its stead. After oath to decide justly, without fear or favor, the arbitrators shall summon each party to appear before them after reasonable notice. Counsel may appear and



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witnesses are to be summoned by the officers of the Court, and compelled to testify under oath. Failure of witnesses to appear is to be punished by the Court as contempt. The testimony of all witnesses is to be reduced to writing by stenographers, and all decisions of the arbitrators also to be in writing and recorded. False swearing to be punished as perjury. The reports of the Commissions on Supply and Demand are to be admitted in evidence. The decision of a majority of the arbitrators to be the judgment of the arbitration.

3. The arbitrators shall inquire into the grievances complained of by either Capital or Labor, or the National Government or a State, and admit all testimony having a legitimate tendency to make apparent the justice of the entire case.

Pending investigation a majority of the arbitrators may make such temporary orders as justice may require. Upon failure of the parties to comply therewith the matter is to be referred to the Court, and upon its approval the Court shall issue its writ to compel obedience under pain of fine and imprisonment.

4. In estimating the profits to be allowed to Capital for its use, the arbitrators shall take into consideration all the essential elements of the business, viz.: reasonable compensation to the owners for their attention to the enterprise and their skill in its management; the value of the plant; its loss from wear and tear, and its obsolescence; the value of the Capital invested in raw materials and articles re-

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quired to carry on the business, and the proper profit for the same; the amount necessary to pay mortgages or money borrowed; all risks attendant on the enterprise and all matters which will secure such a fair and just profit as will not deter others from entering into the same and other businesses.

5. In estimating wages to be allowed for Labor the arbitrators shall take into consideration the education, skill, and intelligence required of the employés; the standard of living of their class; the ruling price for Labor of the class under consideration; the value of the articles produced; the profits of the business; the proper scale of wages in the particular case; the cost of the necessities of living for the workman and his family; the amount in excess of said necessities which will secure a sober, industrious, and thrifty man the ownership of a home after twenty years of reasonably continuous labor, and a competency in addition after thirty-five years of reasonably continuous labor as a minimum wage; and all other matters and things necessary and proper for the support, the health, and contentment of Labor.

6. The adjudication of the arbitrators or a majority of them shall be binding upon all parties to the controversy and shall be certified to the United States District Court for the District in which the arbitration shall be held, and the said Court shall on final judgment issue its writ of Execution or Mandamus commanding obedience.

7. Either party may appeal from the finding of

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the arbitrators to the United States District Court, and the Judge of the same holding an Equity Court shall without delay examine the allegations, the written evidence, and the decision of the arbitrators and may either affirm, reverse, or modify the same as justice may require, and his decision shall be final, except where nine arbitrators have constituted the Board of Arbitration, in which case an appeal by either party may be taken to the United States Circuit Court for said District which Court shall have the power to affirm, reverse or modify the award as justice may require, and the decision of said Circuit Court shall be final. Both said District and Circuit Courts shall give preference to said arbitration cases and hear and decide the same without delay.

8. But no decision shall prevent any employer from the discontinuance of the business, nor any individual workingman from stopping work. The decision, however, may require the employer to conform to its terms or suspend business and be subject to damages to the aggrieved party, or to fine with lien on his assets and execution for payment of the same to the aggrieved party, and imprisonment of those persons offending, if necessary, to enforce the order of the court. And also may require any Labor Union or other organization or combination of persons from controlling or advising Labor in the premises, to revoke any order or recommendation it may have made in the premises, or to cease its interference in the matter, and to be subject to

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damages to the aggrieved party, to a fine with lien on its assets and execution for payment of the same, and imprisonment of those persons offending, if necessary to enforce the order of the court.

These are the outlines of the Remedy proposed to reconcile Capital and Labor and the State.

Nothing is suggested in them which does not apply in full force to contests between citizens disputing each others' rights. Courts of law and equity exist in all civilized countries to adjudicate private claims to the well-being of the State and to the general satisfaction of litigants. Every lawsuit is in effect a Compulsory Arbitration.

No better scheme to reconcile disputes and secure justice has been devised. It is impossible to think of any tribunal more highly qualified to decide than that composed of men of natural capacity, of learning, of integrity and disinterested. If such courts have met the approval of experience why should not arbitration between Capital and Labor be equally desirable? Of all men the workingman should be eager to have his rights adjusted by honest judges. He must be contented to receive just and fair wages. Investigation will show what he is entitled to, and impartial men are the proper persons to decide what that is.

If Labor is wise it will say plainly to the candidates for its suffrage, "You are expected to establish tribunals which will investigate and secure my rights."

It will be noticed that neither National nor State



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boards of arbitration have been recommended. Such boards would have several undesirable features, as:

1. They are quasi-political, and will be found to lean in their decisions towards carrying the next election for the party who appointed them.

2. After the novelty of the exercise of power of their new office has worn off permanent arbitrators will be constantly seeking the path of least resistance, and urge, from their own inertia, compromises which ought not to be made, instead of awarding justice.

3. Frequently an autocratic manner takes possession of public employés, and which would probably deter some in minor disputes from seeking the benefits of arbitration.

4. Public or permanent arbitration boards would not possess the vitality or give the sense of friendly aid that citizens chosen by the parties in interest would inspire.

5. Nor would the professional arbitrators be possessed of a knowledge of the important facts of the case as private persons who would in most cases be chosen because of that very knowledge.

6. National or State boards would be located often at inconvenient places or distances from the locality where the work occasioning the dispute was carried on, whereas arbitration boards of citizens selected by the parties in interest would assemble at the town which might be the residence of employer and workmen.

7. National or State boards would be few in num-



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ber; whereas those selected by the parties would be as numerous as the disputes required.

8. Cost of the controversy would be probably less in case of arbitrators selected by the parties.

The method here proposed is similar to the Jury system for the trial of contested claims between individuals. It has been in existence and full vigor for four hundred years. It has proved its worth by its age and the affection with which all freemen regard it. Other systems of government have come and gone, but the trial by Jury of Fellow Citizens goes on forever, unamended, unimpaired. Its age is its badge of Honor.

Independently of compulsory arbitration or other judicial proceedings the only remedy to promote Justice between Capital and Labor and Buyers is Moral Honor—an Honor embodying Truth and Love, those adorable virtues towards which a man's eyes should be ever turned, as to some pharos at night in a wild sea to save the frail bark in which he sails from the rocks of disaster and the shoals of unhappiness.

Ah! that divine injunction of the Lord Jesus Christ, "Thou shalt love thy neighbor as thyself."

A lifetime of peace and success are the words written between its blessed lines. Mysteriously, perhaps divinely, their violation is as surely to be pursued, in a greater or less degree, by failure in business and by wretchedness of mind, as the night follows the day.

## CHAPTER XVI

### THE FUTURE

**I**N the opinion of the writer the outlook of the Future is optimistic rather than discouraging, for the following reasons succinctly stated.

1. This world is not the work of Chance, but of an allwise and powerful Creator, who for reasons of His own has been pleased to create it.

It is inconceivable that the laws which control gravitation, heat, electricity, light, sound, or numbers should be other than the result of the most profound intelligence. They were ordained in the beginning, and as to which there has been no development or improvement. Whatever may be said in regard to the evolution of plants and animals, it has no application to the rules which control energy or force.

These laws so perfect in harmony, so uniform in action, that every one of them may be stated and solved mathematically, enforce the conviction of their origin in the intelligence and power of an inconceivable Entity beyond the comprehension of the human mind.

2. If these laws of nature are the work of a Divine Power then it is a compelling inference that all

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nature, including humanity, must owe its origin to the same source.

3. The investigations of scientists in the realms of nature have discovered that man has existed on this earth for perhaps a million of years; that his early life was devoted almost exclusively to its preservation and propagation of offspring, being a savage of a lower order than any existing at this day; that in this long period he has become modified and improved bodily, and particularly intellectually, until he is the ornament of creation.

4. This improvement has been not the outcome of chance, but the definite result of a definite law of the Creator that he with all other life should be the result of the union of two different cells, combining two natures, male and female, and producing a new and different being, inheriting the traits of each, except as modified reciprocally by the other, and in turn transmitting to progeny such inherited and subsequently acquired characteristics, *ad infinitum*.

Out of the matrix of this simple law, and all the laws of nature are simple when thoroughly understood, has developed this wonderful world of beautiful vegetal and animal life.

5. The one great fact of this Creation is the improvement of all living things. There have been many changes. Whole species of animals in the long eras of world life have originated and died out, others have changed beyond recognition to their ancestors to accommodate themselves to their en-

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vironments, but on a broad survey there has in all life been growth in mind and body.

6. By the special grace of this Creator, Man has surpassed all other animals. Why so, we do not know; but such is the fact. It has pleased Him to will it.

On an observation of nature there is not the slightest evidence that this decree for the universal improvement of life has been changed, that there will be any other than minor retrogressions in minor species, or that man has been left out of the march of all things to the higher ranges of the mountain heights. On the contrary there is every cause to believe that he has not yet forfeited or lost the blessing of his Maker.

7. There is no sign to indicate the termination of this Earth as a physical body, or the extinction of the human race.

The globe will probably endure until in some remote eon it may come into collision with some sun or star and be rent into fragments like the asteroids have been; or rendered uninhabitable by either all the land being washed into the oceans; or the loss of its water, like the moon, by being tailed off into space, or sinking deeper into the body of the earth; or by the refrigeration of the sun; but all of these are remote, contingent, and uncertain events, and this globe and man may be in their infancy yet—that the present day is but one moment in the calendar of time, and the present man but one link in the chain which stretches from the early

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eras of the earth to some high place, we know not where.

8. Judging, therefore, the Future by the Past the outlook for Humanity has such elements of Divine favor that no mind, no imagination can foresee its future, except that it must be more and more glorious; and consequently the Reciprocal Rights of Capital, Labor, and Buyers more harmonized by mutual good will and Justice.



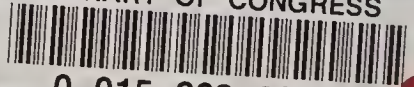






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